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NEWS SUMMARY

GENERAL

Murder stuns South Africa

Robert Smit, formerly South Africa's representative at the International Monetary Fund and a leading National Party candidate in next week's election, was found stabbed to death with his wife at their home near Johannesburg.

There was a stunned reaction in South Africa to the murder and speculation that the motive may have been political. Dr. Smit was managing director of Santam International, which attracts foreign capital for South African business.

The murder may encourage voters to back Mr. Vorster's tougher law-and-order platform. Page 6

Libyan action against Egypt

Libya said it was withdrawing its recognition of the Egyptian Government and closing its airspace and territorial waters to its neighbour because of President Sadat's visit to Israel. Egypt expelled the Cairo head of the Palestine Liberation Organisation. President Boumedienne of Algeria flew to Damascus to reinforce the Arab rejectionist front.

Mr. Moshe Dayan, Israel's Foreign Minister, said that the crucial hour had arrived in the Middle East for taking decisions on substantive issues. Back Page; Mid-East news, Page 6

Quake kills 50

An earthquake measuring 8.2 on the Richter scale killed 50 people and injured more than 100 in towns in the San Juan province of Argentina. The strongest quake recorded this year, it was felt in three other countries: Chile, Uruguay and Brazil.

Somali attack

Somali forces have penetrated Ethiopia's mountain city of Harar in a battle which could decide the four-month war for control of the Ogaden desert.

North Sea crash

Five men were feared dead when a helicopter from Stavanger to Platform C on the Ekofisk field crashed into the sea 30 miles off Norway. Six bodies had been recovered last night.

Problem estates

A plan by the Conservative-controlled Birmingham City Council to bring problem families together in blocks of flats or maisonettes has been criticised by Shelter, which claims the scheme could increase vandalism and delinquency.

Brutality probe

Rhodesia has set up a military inquiry into allegations of brutality and torture by security forces against black civilians.

Train 'sabotaged'

The Indian Government blamed sabotage after more than 20 people, including a member of the Upper House of Parliament, died in a train crash near New Delhi.

Briefly . . .

A Mormon missionary told magistrates that a former beauty queen kidnapped him outside his chapel, chained him to a bed, and forced him to have sex.

The U.S. and Vietnam will open talks on normalising relations in Paris on December 7.

Triumph TR7 has won North America's two top rally prizes: the U.S. championship and the North American Cup.

Sweden's Bjorn Waldegard edged his works Ford Escort further into the lead of the Lombard-RAC rally.

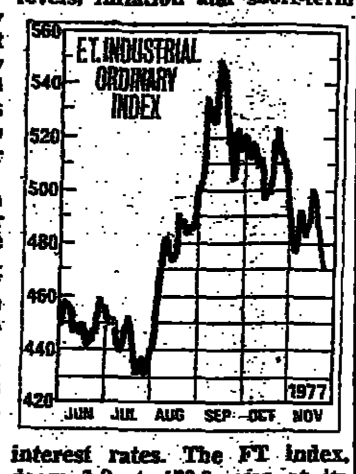
The Wantringham Stable, who retired nine years ago as the oldest High Court judge, died at his home in the Montgomery hills, aged 89.

A Birmingham court ruling that . . . convictions as a result of traffic warden action were not valid . . . applies only at the court, the Automobile Association told drivers.

BUSINESS

Equities 1.8 down; Gold up $2½

● EQUITIES fell away on continuing uncertainty about pay levels, inflation and short-term interest rates. The FT index, down 1.8 at 470.0, was at its lowest since early August.



● GILTS closed mixed, with longs firmer. The Government Securities index closed 0.14 up at 75.27.

● STERLING gained 15 points to $1.8195, its trade-weighted index rising to 63.4 (63.3). The dollar remained weak, with record levels against it in Yen and D-mark. Its average depreciation widened to 2.66 per cent. (2.52).

● GOLD rose $2½ to $159¾.

● WALL STREET closed 0.78 up at 843.30.

● RISE in short-term interest rates in the next few weeks to 7-8 per cent. is forecast by the London Business School.

At the same time, a continued high inflow of funds to the building societies make a further cut in mortgage rate certain. Page 10

● FINANCIAL statistics available on the company sector are criticised as inadequate in a NEDO paper. Back Page

● ALLOCATION of offshore exploration licences for another 15 blocks is expected to spark off another wave of exploration this winter. Back Page and Page 10

● PRICE COMMISSION would not intervene solely because a company had breached the Government's pay guidelines, the Commission chairman, Mr. Charles Williams, assured a Financial Times conference. Page 11

● JOURNALISTS on the Daily and Sunday Express will vote by Monday on a pay offer comprising a productivity deal worth 17 per cent. plus £4 a week. Page 12

BOC bid meets opposition

● BOC INTERNATIONAL is meeting opposition from Airco in its bid to obtain a controlling holding in the U.S. company. Back Page

● GOVERNMENT decision to delay payments of special grants in regional development areas for three months as an economy measure is creating cash flow problems for small businesses. Page 11

● NEW CONSTRUCTION orders rose sharply in September—£689m. worth compared with £605m. in August—but the overall picture is still gloomy. Page 11

● SIR RONALD McINTOSH who is giving up the director-generalship of NEDO will become an executive director of S. G. Warburg. Page 11

COMPANIES

● ASSOCIATED NEWSPAPERS turnover for the six months to September 30 was £74.83m. (£60.59m.), boosting earnings to £7.26m (£6.17m.). Page 23 and Lex

● METAL BOX increased half-year profit from £23.8m. to £25.2m. on sales up from £326m/ to £395.66m. Page 25 and Lex

● BASF, one of Germany's three largest chemical groups recorded pre-tax profits for nine months down by almost a fifth to DM363m. on turnover only 1.7 per cent. up at DM15.86bn. Page 29

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated.)

RISES			FALLS		
[illegible] (Doncaster)	67	+ 4	Anglo-Swiss	30	— 8
[illegible] Pope	56	+ 4	Comet Radiovision	143	— 7
[illegible]	213	+ 6	Lucas Inds.	258	— 5
Madame Tussaud's	47	+ 17	Metal Box	268	— 22
[illegible]	42	+ 2	Taylor Woodrow	404	— 6
[illegible] White	63	+ 6	Transparent Paper	64	— 3
[illegible]	22	+ 4	Tube Invs.	380	— 4
[illegible] American Cpn.	264	+ 8	Tunnel B	232	— 5
[illegible] and	171	+ 11	Royal Dutch	£44	— 1¼
[illegible]	449	+ 19	Ultramar	232	— 6
[illegible] Holdings	£13¾	+ ¼	Pancontinental	650	— 25
			Yukon Cons.	132	— 8

Callaghan stresses need to stand firm on pay policy

BY CHRISTIAN TYLER and ALAN PIKE

The Prime Minister emphasised in a tough speech yesterday that the Government was determined to stand firm on its pay policy but admitted that the 10 per cent. earnings ceiling was beginning to be treated as a norm for wage rate increases.

Mr. Callaghan, who received a hostile reception from both demonstrating firemen and delegates when he addressed the Electrical and Plumbing Trades Union conference in Blackpool, made it abundantly clear that *the Government was not going* to surrender to the fire brigade strikers in spite of their 10-day national stoppage.

In London, the TUC general council expressed concern at the seriousness of the firemen's dispute and at the "lack of progress towards a mutually acceptable settlement."

Mr. David Basnett, the TUC chairman, and Mr. Len Murray, general secretary, are maintaining close contact with the Fire Brigades Union, but Mr. Murray said that the TUC, which has not endorsed the 10 per cent. guidelines, was not taking over negotiations.

The national executive committee of the Labour Party also *decided to seek a meeting with* Mr. Callaghan to discuss the pay guidelines. It believes that the Government is being unfair in *holding the 10 per cent. ceiling* so firmly against public sector groups such as the firemen, while there are breaches in the *private sector.*

Mr. Callaghan admitted that some private employers were paying above the guidelines *while pretending to stick to them* when he addressed the EPTU conference.

About 300 firemen lobbied the hotel entrance in driving wind and rain, yelling: "Out, out," as Mr. Callaghan's car drove up, and singing "Go home, you bums."

Inside, Mr. Callaghan ran into trouble from hecklers, who drowned his reference to tax cuts *with shouts of "What about* the firemen?" and "We don't get anything like that."

'Stop fighting'

It was a fiercer speech on wages from Mr. Callaghan than either of those he made to the TUC Congress or the Labour Party Conference. He urged: "For heaven's sake, let us stop fighting each other and destroy*ing ourselves in the process."*

Many groups of workers were hanging back at this stage in the wage round to see if the Government would give in, and there was a heavy responsibility on all "to prevent the folly of 20 per cent. or 30 per cent. pay settlements."

Outlining the financial successes of the last year, Mr. Callaghan promised that there would be single figure inflation next year. "We are going to have moderate wage settlements." He asked the delegates which they would choose—moderation or *higher prices and more unem*ployed—to which one shouted: "More wages."

But many of his arguments and his account of Labour's achievements in the social contract were warmly applauded, and about two-thirds of the audience rose at the end.

Mr. Callaghan said that the 10 per cent. increase in national earnings—the Chancellor's *target—had been the cause of* some misunderstanding.

"That figure seems to be becoming accepted as a 10 per cent. increase *in rates—and it is* probably too late to correct that." But even 10 per cent. was too high, especially for our export industries.

"Wherever the Government or the local authorities are engaged in wage negotiations everyone watches like a hawk, ready to pounce if the Government breaks its own guidelines.

"And once that happens, everyone else uses it as an excuse to do exactly the same. That is why the Government stands firm. If we don't, the guidelines would be trampled in the mud, and we would be back to 25 per cent. inflation.

"I am told that some private employers are pretending to keep *within the guidelines* but are offering disguised deals which take settlements outside

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MPs reject vote plan for Scotland

BY RICHARD EVANS, LOBBY EDITOR

AN ATTEMPT to introduce a proportional representation system of voting into the elections for a Scottish Assembly was heavily defeated in the Commons last night by 290 votes to 107.

The question MPs were asking after the division on the Scotland Bill was how relevant the result would be to the crucial vote next month on the system of voting for direct elections to the European Parliament.

The consensus was that many different factors would be operating then and a strict comparison would be highly misleading.

Mr. David Steel, the Liberal leader, whose party has campaigned passionately for proportional representation both in Westminster and Europe, declared after the vote that the result was very respectable "It augers well for the direct elections vote because this time there was no pay-roll support and no intensive whipping."

All parties have a free vote but both the Government and Opposition front bench speakers in the debate were extremely hostile to the prospect of proportional representation for a Scottish Assembly.

Support

This will not be the case on Europe when the Government will recommend acceptance of the regional list system of proportional representation to fulfil its pledge to the Liberals.

Division lists show that the proportional representation vote was composed of 57 Conservatives, *23 Labour MPs, all 11* Scottish Nationalists and three Plaid Cymru MPs, 12 of the 13 Liberals (Mr. Jo Grimond did *not vote*) and Mr. Jim Sillars of the Scottish Labour Party.

The only minister to vote for proportional representation was Mr. Gordon Oakes, a junior minister in the Department of the Environment.

The only supporter from the Shadow Cabinet was Mr. Nicholas Edwards, spokesman for Wales, although Mr. Russell Fairgrieve, chairman of the Scottish Tories, and Mr. Bernard Weatherill, deputy Chief Whip, also voted for it.

In spite of the substantial majority of 183 against them, advocates of the system were not down-hearted and pointed out that in a similar vote during the committee stage of the Scotland and Wales Bill last January only 62 MPs had voted for proportional representation.

The vote then was 244 to 62.

The lobby for proportional representation hopes that the strength of the Commons vote will encourage the Lords, which is believed to be more sympathetic to the system, to change the voting system when they debate the Bill next year.

But unless last night's vote is *overturned at a later stage, the* first assembly elections—planned for March 1979—will be based on the present Westminster system of first-past-the-post. It will then be up to the Assembly to decide which system to adopt in later elections.

Liberal leaders, who are under increasing pressure from their supporters in the country to make proportional representation for the European elections *a make-or-break issue for the* Lib-Lab pact, will now again emphasise to Mr. Callaghan the necessity of a maximum Labour turn-out.

Much will depend on how strongly the Prime Minister declares himself in advance.

This, they hope, will persuade most ministers and a considerable number of Labour MPs to vote for the regional list system, giving a much closer result than *last night.*

Mr. Steel still takes the view that if the Government recommends a regional list system and *a substantial number of Labour* MPs vote for it there will be no reason for breaking off the Lib-Lab. pact, even if the majority of MPs reject the Government's advice.

Indeed, if proportional representation is rejected through the overwhelming opposition of Conservative MPs—as could well be the case—this could draw the Liberals closer to Labour.

Unbalanced

There are already indications that many Labour MPs who rejected it for the Scottish Assembly will support it for Europe on the grounds that the Westminster system of first-past-the-post could give a grotesquely unbalanced representation in Strasbourg.

Mr. John Smith, Minister of *State at the Privy Council Office,* who spoke against proportional representation shortly before the division, argued that no com*parison could be made with the* European vote. Then, the electorate would be voting to choose an administration, but this was not so in the Scottish referendum.

The Second Reading of the Direction Elections Bill takes place to-night and the Government should secure a substantial majority because of the support of Conservative MPs.

"Economic nonsense," Page 10
Parliament Page 12

£ in New York	November 23	Previous
Spot	$1.8185-8195	$1.8[illegible]
1 month	0.18-0.25 pm	0.20-0.25 pm
3 months	0.37-0.42 pm	0.34-0.39 pm
12 months	0.10-0.20 pm	0.05-0.20 pm

Alcan revives £280m. alumina project

BY GILES MERRITT

ALCAN Aluminium will start building a £280m. alumina extraction plant on the West Coast of Ireland in the new year in partnership with Royal Dutch Shell's Billiton subsidiary and Atlantic Richfield's *Anaconda Company.*

The project is by far the largest capital investment by foreign interests yet in Ireland. Much of the equipment for the bauxite processing plant is likely to come from Britain.

The plant at Aughinish Island in the Shannon Estuary, near Limerick, is due to go on stream in 1982 and will have an initial target production capacity of 800,000 tonnes a year.

Mr. J. B. Leslie, Alcan Ireland's managing director, said in Dublin last night that output *could eventually reach 2.4m.* tonnes a year.

Alcan's proposals to build a major alumina plant at *Aughinish date back to 1970.* In late 1975 the company decided to shelve what was then a £100m project with two Scandinavian partners because of the world economic recession.

Consortium

It is going ahead with its original project with its new *partners.* Alcan will have a 40 per cent. stake in the project, against the 70 per cent. previously envisaged.

This results from the separate decisions this year by its former partners to drop out. Ardal Og Sunndal Verk, of Norway, was to take 20 per cent., and Sweden's Granges Essem 10 per cent.

Now, Billiton, which is based in The Hague, will have 33 per cent. and the Arco subsidiary 25 per cent. The three participants will form an operating company, Aughinish Alumina.

The financing of *the Aughinish* project has not been determined but the Bank of Ireland is understood to be the *lead manager in a consortium* of international banks which is being formed.

Irish suppliers are due to receive *orders* worth about £70m. for infra-structural and construction work. Much of the remaining £210m. is ear*marked for equipment.*

Although the Aughinish plant will not contribute substantially to Ireland's employment—during construction the payroll will average 1,350, peaking to 2,200, and the permanent workforce will be 800—Alcan expects to benefit the Republic's *trade balance by* £40m. a year.

Aerospace Board limits recognition of unions

BY ALAN PIKE, LABOUR CORRESPONDENT

THE BOARD of the recently nationalised British Aerospace has told the TUC that it does not intend to recognise staff associations not affiliated to the Confederation of Shipbuilding and Engineering Unions.

Both British Aerospace and *British Shipbuilders Boards have* been under intense pressure to recognise only TUC-affiliated unions which are members of *the confederation.*

The British Aerospace decision will give added dimension to a meeting of the British Shipbuilders Board to-day. This also has the question of recognition of non-TUC associations on the agenda.

British Shipbuilders has already once deferred a decision on granting recognition to the non-TUC Shipbuilding and Allied Industries Management Association and this decision may again be put off.

British Aerospace Board members apparently take the view that recognition of bodies not part of the confederation would lead to proliferation of bargaining organisations, and that this *would not be in the interests of* good industrial relations.

The decision is the latest move in an increasingly bitter three-sided battle over representation of managerial and professional staff in the engineering industry, involving the Confederation, the non-TUC staff associations, and Mr. John Lyons's TUC-affiliated but non-Confederation Engineers' and Managers' Association.

TUC unions maintain that they are equipped to represent all employees, including those at *the highest level, in industries* such as aerospace and shipbuilding while the staff associations argue for separate repre*sentation.*

Consultation

Mr. Lyons's union, which until recently represented only electrical power engineers, is angering Confederation unions by recruiting engineers in other areas, and also seeks a merger with the Shipbuilding and Allied Industries Management Association.

Under the nationalisation legislation the aerospace and shipbuilders' Boards must consult with 'relevant' unions, and British Aerospace will continue to meet staff associations at local level. But the TUC unions have been assured that there is no question of these being granted recog*nition.*

British Aerospace remains part of the Engineering Employers' Federation, which, like the confederation, is opposed to fragmentation of bargaining units.

The Engineering Employers' Federation and the confederation both opposed an attempt by another non-TUC body, the United Kingdom Association of *Professional Engineers,* to represent professional and technical staff in a Bedfordshire engineering company.

The Advisory Conciliation and Arbitration Service subsequently rejected a recognition claim in spite of 79 per cent. support for the association. Legal action is pending on this.

Staff associations in British Aerospace claim to represent between them about 5,000 employees, and talks on possible amalgamation between several associations are in progress.

Mr. John Smith, general secretary of the British Aerospace Staff Association, said yesterday that his and other organisations had tried to act like responsible trade unions, and the fight for recognition would continue.

Mr. Ken Gill, general secretary of TASS, the Technical and *Supervisory Section of the* Amalgamated Union of Engineering Workers, said that the interests of all aerospace staff *could be met by TUC unions.*

His own union had about 7,000 managers, engineers and other fairly senior staff from the industry in membership, including more than 1,500 who had joined this year.

Cut-price policy gives Tesco 40 per cent. sales increase

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

TESCO's sales have been about 40 per cent. higher than last year since the supermarket group cut its 13-year link with Green Shield Trading Stamps and adopted its cut-price policy in June.

Net margins have fallen about *20 per cent., however,* and in spite of the increase in sales pre-tax profit is only very slightly higher than that for the same period last year.

Interim results published by the company yesterday show that for the 24 weeks to August 13 sales were 26.68 per cent. higher than in the same period last year. Until the first week of June sales were only 14.4 per cent. higher.

Since then sales have increased about 40 per cent. on the basis of cost compared with last year. Volume has risen 23 per cent.

In the 10 weeks to August 13 sales were 43.64 per cent. higher than last summer's level. In the 12 weeks to November 5 sales were 39.86 per cent. higher than in the corresponding period last year.

This is an unprecedented increase for any supermarket group and indicates the pressure other food retailers are facing while *grocery volume as a whole is* very depressed.

Mr. Lesley Porter, chairman of Tesco, said yesterday that he hoped the sales would show a year on year increase of about 40 per cent. until May. After that he was looking for a 10 per cent. volume increase on this year's very high figures.

The company's interim pre-tax profit of £10.28m. — up just *more than £100,000 compared* with the same period last year despite the volume increase — reflects much lower gross margins.

Net margins have come down from 3.26 per cent. to 2.6 per cent.

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LOMBARD

A long-running charade

BY GEOFFREY OWEN

THE GOVERNMENT appears to be having some difficulty finding a successor to Sir Ronald McIntosh as director general of the National Economic Development Office. People who have been approached about it have presumably asked themselves, among other things, whether there is a real job to be done. Sir Ronald and his three predecessors—Sir Robert Shone, Sir Fred Catherwood and Sir Frank Figgures—have struggled manfully over the past 15 years to make Neddy a power in the land, but, apart from providing a convenient meeting place for Ministers, trade union leaders and industrialists, what has the organisation achieved? The director general has virtually no executive power of his own and, even by the standards of the public sector, he is peculiarly vulnerable to short-term changes of Government policy.

Planning

Neddy's first task, laid down by Mr. Selwyn Lloyd at the first Council meeting in March, 1962, was "to examine the economic performance of the nation with particular concern for plans for the future in both the private and public sector sectors of industry." There was much admiration at the time for the French planning system and the creation of Neddy was seen as *the first step along that road.* But subsequent experience with planning, as is clear from a newly published study* on the British experience, written by Mr. Michael Shanks, has been to put it mildly, disappointing—and the reason has very little to do with Neddy.

Mr. Shanks' conclusion is that "for most of the time governments have played at planning, while the real business of policy making has been a matter of improvisation, reaction to outside pressures and short-term expediency." In Japan and France, he suggests, "the plan is important as a basis for national strategic decision, rather than a prestige gimmick to be *hurriedly* discarded if it does not receive instant acclaim or if circumstances change." In the U.K. the planning exercises carried out between 1961 and 1976 "have been charades rather than serious exercises in national *growth and survival.*"

In some of these exercises Neddy has played a central part, in others not. The organization was downgraded by Mr. George Brown and his colleagues in 1964 and it was not taken very *seriously in the first two years of* the Heath Administration. The fact that, unlike most Government-created bodies, Neddy has survived these ups and downs is sometimes seen as a sign of strength, but that hardly makes the director general's job more attractive.

As for the other tasks set out by Mr. Selwyn Lloyd—to consider what are the obstacles to quicker growth, what can be done to improve efficiency and to seek agreement upon ways of improving competitive power—the record is no better. Mr. Lloyd hoped that the Economic Development Committees or *Little Neddies would focus on* specific issues like restrictive *labour practices*, but, as Mr. Shanks points out, this has been a taboo subject for most of them.

Mr. George Brown and his colleagues had a "wistfully naive belief" that the Little Neddies could be turned into agents for industrial change. In practice, with one or two exceptions, they have either degenerated into talking shops or have been transformed into lobbying instruments for the industry concerned: an illustration is the role which two of them are playing in the campaign to stop Hitachi from making TV sets in the U.K.

What has vitiated the whole effort has been the failure on the part of Government to provide the necessary leadership and its refusal to make unpleasant choices between mutually incompatible alternatives; the *mainspring* which has been missing, as Mr. Shanks rightly says, is "enthusing people at all levels of industry to give of their best, to accept and promote radical changes in our social and *institutional structure*, to give a higher value to growth and efficiency *and a lower value to* security and status." Governments talk about the need for higher productivity, but they do not practise what they preach. Mr. Callaghan's craven surrender to pressure groups *over the Drax B power station* is one recent example: the treatment of the steel industry since nationalisation is another.

Modernisation

It is straining credulity to suppose that the so-called industrial strategy will succeed where past efforts have failed. The great *problem for industrial* countries (and France, despite its planning machinery, is no exception) is persuading people to accept what is involved in modernisation and higher productivity. It has yet to be *demonstrated, in this country* at any rate, that "tripartism," either at the *national* or the sectoral level, makes the problem easier to solve.

**Planning and Politics*, by *Michael Shanks, PEP, George Allen and Unwin, hardback, £6.50, paperback £2.95.*

BUSINESS AND THE COURTS

Clearing up cash-and-carry grey areas

BY A. H. HERMANN, Legal Correspondent

THE CONFLICT between the interests of conventional wholesalers and retailers and *those* of the cash-and-carry (discount) or self-service wholesale trade has recently occupied both the Federal Supreme Court in Germany and the European Court in Luxembourg. The decision handed down in Karlsruhe will not surprise anyone in the more liberal British trade climate, but the European Court's rules concerning the *exclusion of cash-and-carry* markets from manufacturers' *selective distribution networks* are now part of U.K. law and *applicable to a large number of* existing agreements.

Both cases concerned Metro-SB-Grossmärkte Düsseldorf, which claims to be a cash-and-carry wholesaler. In Karlsruhe this large discount trading organisation appeared as defendant against German food wholesalers, while in Luxembourg it *attacked an EEC Commission* decision approving the selective *distribution system* of SABA, a German manufacturer of colour TV receivers and other electronic leisure goods.

The German decision has a direct impact only on those *carrying on, or intending to* start, a cash-and-carry business in Germany, but it provides a *background for the EEC* decision which has a wider application. The case started with the Hamburg Association against Unfair Competition's complaint that Metro improperly described itself as a wholesaler, thus abusing the advantages accorded to wholesalers in respect of VAT and closing hours.

The association alleged that Metro sells to private and trade consumers. The Hamburg court (Oberlandesgericht) found this complaint justified and held that, at least in respect of certain of its cash-and-carry activities, Metro must not describe itself as a wholesaler, quote goods at prices exclusive of VAT and keep its premises open for business outside the hours fixed for retail shops.

This decision has now been quashed, and the case returned to the Hamburg court, by a judgment of the Federal Supreme Court of November 11, 1977, Ref. I ZR 179/75. The Supreme Court used this opportunity to lay down rules *which* should give greater scope to *cash-and-carry and other types* of self-service wholesale *trading.*

The Court confirmed that these stores must take appropriate steps to exclude purchases by private consumers and as far as possible avoid *selling* to traders goods destined for their private consumption.

The most important innovation provides the cash-and-carry stores with room to manoeuvre by allowing them to use the *advantage of a wholesaler in* respect of VAT and closing *hours, as long as they ensure* that not more than 10 per cent. *of their sales is for private* consumption. This "margin of *tolerance," as the Court called* it, is likely to be of even greater *practical importance, extending* beyond the free 10 per cent., because the *Court said that it* is up to the plaintiff to prove *that sales for private consump*tion, whether to a private *individual or a trader, over*stepped the limit.

The Supreme Court has also rejected the contention that the supply to traders or manufacturers of goods which are not *resold or processed by them* is only the business of retailers. *This will allow cash-and-carry* stores to sell goods which are *used* but *not* resold or processed by the trader in the course of his business, without losing their wholesale status.

• • •

THE EUROPEAN COURT has dealt less kindly with Metro's application (*Case 26/76*) *that* it should annul the EEC Commission's *decision approv*ing SABA's system of selective distribution through appointed dealers. It argued that the agreements between the German manufacturer of quality electronic consumer durables and its distributors throughout the Common Market establish a limited number of distribution channels and impose conditions which, by excluding cash-and-carry stores like Metro, restrict and distort competition in a way which is prohibited by Article 85/1, and cannot be exempted under Article 85/3 of the Treaty of Rome.

Metro further argued that SABA products are of such high quality that no distributor can compete on the market without being able to offer them, and that consequently SABA has a dominant position on the market and abused it by denying supplies to Metro.

The Court ruled out an infringement of Article 86 of the Treaty of Rome prohibiting abuses of dominant position. It accepted that SABA has only a *6-7 per cent. share of* the market which, in the absence of special *circumstances, cannot* amount to a dominant position. Turning to the *alleged infringe*ment of Article 85, the Court has approved the Commission's policy admitting selective distribution systems as long as the appointed distributors are selected according to objective criteria. That is, as long as the appointment is open to any distributor satisfying predetermined requirements about his ability to handle the products with the necessary skill and after-sale service.

The European Court also dealt with the *old problem* of competition using the quality of *service given to the consumer*, often emphasised in the defence of *resale price maintenance*. The Court noted "a certain rigidity" *in the price structure* applied by SABA's distributors but held *that price competition* was not the only form of competition, thus lending support to the argument that differences in the quality of service could compensate consumers for rigged prices. However, the Court did say that the Commission must ensure that the price structure should not become even more rigid, and commended it for having set a limit to the exemption granted to SABA. The exemption is due to expire in 1980.

Before granting the exemption under Article 85/3 the Commission asked SABA to allow its German wholesalers to supply trade consumers without going through retailers, though the prohibition against supplying institutions "such as army barracks, schools, churches and hospitals" remained. Very much in line with the decision of the German Supreme Court, the European Court upheld the condition imposed by SABA. This required its wholesalers, when supplying trade consumers, to ensure that the SABA equipment purchased by them is used for commercial purposes. The Court further noted that institutional consumers are not necessarily bulk purchasers of every type of product. It concluded that SABA's requirement that its distributors should operate a system of checks—ensuring the equipment supplied to trade consumers is used only for commercial purposes—is neither unreasonable nor incompatible with the nature of the self-service (cash-and-carry) wholesale trade. Metro's application was dismissed with costs.

Clear win for Stublick

RACING

BY DOMINIC WIGAN

DESPITE his possible lack of peak fitness, I have no intention of opposing Stublick when he lines up for this afternoon's Gayton Chase at Towcester.

The young *Richard Head*-trained chaser, who surprised *many by coming down at Ascot* last January after an easy *Doncaster victory over Indian* Sheba, has had just one race this term.

Three weeks ago at Newbury, he showed up well for a long way in the Lionel Vick Memorial Chase before tiring to finish fifth *behind Orillo.*

Certain to be all the better *for that run—only his third* public appearance since the 1975-76 campaign — Stublick should prove capable of giving weight away all round.

I take him to gain an overdue win with a clear-cuut victory over the likely favourite, Moon Trip, to whom he will be conceding almost 2 st.

For any one in need of an extra Christmas present for a National Hunt enthusiast, I can recommend Ivor Herbert's latest book, Six at the Top.

This extremely readable work covers the careers and day-to-day lives of those eminent *trainers*, Fred *Winter*, Bob Turnell, Fred Rimell, Tony Dickinson, Gordon Richards and Jim Dreaper.

It also gives a vivid insight into the problems faced by their often overlooked staff and families.

Another enjoyable aspect of the book is its *lightness of touch* and wealth of illuminating *anecdotes, which so often help* to bring home the characteristics of the people profiled.

Just published by Heinemann, Six at the Top, which has 20 fine photographs by leading National Hunt racing photographer, Gerry Cranham, costs £5.95.

The Tote will open special cash windows in all enclosures at Wolverhampton and Catterick on Saturday for the sale of win, place and dual forecast tickets on the Hennessy at Newbury.

The windows will open 45 minutes before the first race at each of the two "away" *meetings.*

If this experiment is successful, the Tote will offer cash facilities for betting on big races at all "away" meetings in future.

TOWCESTER

12.15—Clothes Line**
12.45—Flying Swallow
1.15—Stublick***
1.45—Conteau
2.15—Glorious Devon
2.45—Merry Boy
3.15—Body Blow*

TAUNTON

1.00—Arctic Heir
1.30—Anchor Wood
2.00—No Camping
2.30—High Fly
3.00—Nostradamus

Schumann work makes £30,000

SALEROOM

BY ANTONY THORNCROFT

SOTHEBY'S HAD one of its busiest days of the season yesterday with six sales of uncommon interest. Pride of place, perhaps, goes to the Schumann signed manuscript which sold for £30,000 (plus the 10 per cent. buyer's premium). It was the chief item in a musical manuscript sale which totalled £92,440.

The manuscript is Schumann's first version of the work, later revised as the Fantasie for Piano Op 17 and is dated *1836*. *Other* good prices were £9,500 from McNutt for an album leaf written by Bach; £7,000 from Schneider for a letter by Gluck, written in 1777 and £4,500 from Otto Haas for a signed manuscript by Schubert. Less than 2 per cent. was bought in.

There were some high prices in the Sotheby's sale of medals and decorations, which totalled £54,400. Puttock, a London dealer, gave £7,000 for a group of nine medals, including a VC awarded in 1918 to Corporal *Smith*, Lancashire Fusiliers who was barely 20 at the time.

An important British picture sale brought in £230,440 with a good price of £54,000 for a typical Ben Marshall of 1829 of the racehorse "Skiff."

Sotheby's also completed the disposal of the late Charles Lovell's collection of campaign medals, which brought in £83,456 over two days.

The first of three successive lunch time sales *of* children's *books and juvenalia* at Sotheby's Chancery Lane rooms brought in £8,673.

Four first editions of A. A. Milne went for £200.

A sale of silver at Christie's yesterday totalled £125,538. A pair of William III candlesticks, by Joseph Bird, dated 1700, sold for £4,800 to *How, of Edinburgh*, and a similar pair was bought by the same buyer for £3,000.

There was also a sale of fine jewels which totalled £109,820. An antique diamond necklace sold for £5,800 to Seymour, and an emerald and diamond ring went to Music for £4,500.

The first day of Christie's *nouveau* art and art deco sale in New York on Tuesday brought in £300,065.

TV Radio

BBC 1

+ Indicates programme in black and white.

9.41 a.m. For Schools, Colleges. 12.35 p.m. On The Move. 12.45 News. 1.00 Pebble Mill. 1.45 Heads and Tails. 2.00 You and Me. 2.14 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 a.m.). 4.20 *Lippy Lion.* 4.25 *Jackanory.* 4.40 Charlie Brown. 5.05 John Craven's Newsround. 5.10 Blue Peter. 5.35 Ivor the Engine.

5.49 News.

5.55 Nationwide (London and South East only).

6.20 *Nationwide.*
6.45 To-morrow's World.
7.10 Top of the Pops.
7.40 Citizen Smith.
8.10 When the Boat Comes In.
9.00 *News.*
9.25 The Big Time.
10.15 Omnibus.
11.05 To-night.
11.45 Weather/Regional News.

All regions as BBC 1 except at the following times:

Wales—4.40 p.m. *Crystal Tipps* and Alistair. 4.45-5.00 Bobol Bach (cyfres newydd) (1) Damwain y DISGALL. 5.55-6.20 Wales To-day. 6.45-7.10 Heddiw. 11.45 News and Weather *for Wales.*

Scotland—11.30-11.55 a.m. For *Schools (living in Scotland).* 5.55-6.20 p.m. Reporting Scotland. 11.48 Bonn Comhraidh. 12.13 a.m. News and Weather for Scotland.

Northern Ireland—11.30-11.50 a.m. For Schools (Ulster in Focus). 3.53-3.55 p.m. Northern *Ireland* News. 5.55-6.20 Scene Around Six. 11.05 Last of the Summer Wine. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); *Look* North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 a.m. Play School.
5.35 p.m. *Open University.*
7.00 News on 2 Headlines.
7.05 Your Move.
7.30 Newsday.
8.10 Chronicle.
9.00 The Hollywood Musical: "A Star is Born," starring Judy Garland and James Mason.
11.30 Late News on 2.
11.40 Closedown: Gary Watson reads "On the Announcement of a New Invention *for converting wastepaper* into Compost," by John Heath-Stubbs.

LONDON

9.30 a.m. For Schools. 10.50 Help! 11.00 For Schools (continued). 12.00 *Animal Kwackers.* 12.10 p.m. Rainbow. 12.30 Weatherwise. 1.00 News. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 Hunters Walk. 3.20 The Squirrels. 3.50 The Cedar Tree. 4.20 The Little House on the Prairie. 5.15 Mr. and Mrs.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 The Bionic Woman.
8.00 The New Avengers.
9.00 Odd Man Out.
9.30 This Week.
10.00 News.
10.30 *Time for Business* with Eamonn Andrews.
11.20 Pub Entertainer of the Year.
12.00 What the Papers Say.
12.15 *a.m. Close: John Rye reads* poems by Philip Larkin.

All IBA regions as London except at the following times:

ANGLIA

1.25 p.m. Anglia News. 2.00 Women Only. 4.20 The White Stone. 4.50 The *Secret Lives of Waldo Kitty.* 5.15 *Emmerdale* Farm. 6.00 About Anglia. 6.20 Arena. 7.00 Bygones. 7.30 Get Some In! 10.30 *Emergency!* 12.00 *Phyllis.* 12.30 p.m. Bedtime Story.

ATV

1.20 p.m. ATV Newsdesk. 3.20 The Electric Theatre Show. 4.20 The Lost *Islands.* 4.45 *Solo One.* 5.15 *Happy Days.* 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Daffy Duck. 7.35 Columbo. 10.30 *Police Woman.*

BORDER

+1.20 p.m. *Border News.* 4.20 *The Lost* Islands. 4.45 The Little House on the Prairie. 6.00 Border News and Lookaround. 7.00 *Emmerdale* Farm. 7.30 Border Journey: John Peel Country. 8.00 The Six Million Dollar Man. 10.30 Police *Woman.* +11.55 *Border News Summary.*

CHANNEL

1.15 p.m. *Channel Lunchtime News* and What's On Where. 4.20 *Survival Special.* 6.00 Channel News. 6.10 Fantastic *Voyage.* 7.00 *The Six Million Dollar Man.* 10.28 Channel Late News. 10.32 Police Surgeon. 11.00 Gibbsville. 11.55 So It Goes. 12.25 News and Weather in French.

GRAMPIAN

9.25 a.m. First Thing. 1.23 p.m. Grampian News Headlines. 6.00 Grampian To-day. 7.00 The World of Pam Ayres. 7.30 Cartoon Time. 7.35 Lanigan's Rabbi. 10.30 Sportscall. 11.10 Fireside Theatre. 12.05 a.m. Reflections.

GRANADA

1.20 p.m. This Is Your Right. 3.20 Galloping Gourmet. 5.10 This Is Your *Right.* 5.15 *Crossroads.* 6.00 *Granada* Reports. 6.30 Emmerdale Farm. 7.00 The Six Million Dollar Man. 10.30 *Reports Extra.* 11.00 *What the Papers* Say. 11.20 Pub Entertainer of the Year. 11.45 Witness to Yesterday.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 4.20 Dynomutt—The Dog Wonder. 4.45 The Lost Islands. 5.15 Breaktime 5. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 The Practice. 7.00 Mr. and Mrs. 7.30 Oh No, It's Selwyn Froggitt. 8.00 Charlie's Angels. 10.35 Gallery. 11.05 The Late Film: "Lisa Bright and Dark."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.30-4.45 Wythnos. 6.00-6.15 Y Dydd. 6.30-7.00 Sports Arena. 10.35-11.05 Image '77.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Sport West.

SCOTTISH

+1.25 p.m. News and Road Report. 2.00 Women Only. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Garnock Way. 7.00 The World of Pam Ayres. 7.30 The Happy Days. 10.30 Sounds and Sweet Airs. 11.00 The Odd Couple. 12.00 Late Call.

SOUTHERN

1.20 p.m. *Southern News.* 2.00 Women Only. 4.20 Conrad the Sailor. 5.20 Crossroads. 6.00 Day by Day. 6.30 University *Challenge.* 7.00 *Emmerdale Farm.* 7.30 Get Some In! 10.30 Baretta. 12.00 Southern News Extra. 12.10 a.m. Here *Comes the Future.*

TYNE TEES

9.25 a.m. North East News Headlines followed by Starting Point. 1.20 p.m. North East News and Lookaround. 2.00 Women Only. 3.20 *The Mary Tyler Moore* Show. 5.15 The Brady Bunch. 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 The Streets of San Francisco. 8.30 The Squirrels. 10.30 Pub Entertainer of the Year. 11.00 Pro-Celebrity Snooker. 11.45 Police Surgeon. 12.15 a.m. Epilogue.

ULSTER

1.20 p.m. Lunchtime. 4.18 Ulster News Headlines. 4.20 Big Blue Marble. 4.45 Little House on the Prairie. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 7.00 *Emmerdale Farm.* 7.30 Happy Days. 10.30 Phyllis. 11.00 What's It All About? 12.30 Kitchen Garden *followed by Bedtime.*

WESTWARD

12.27 p.m. *Gus Honeybun's Birthdays.* 1.20 Westward News Headlines. 4.20 Survival Special. 6.00 Westward Diary. 7.00 The Six Million Dollar Man. 10.28 Westward Late News. 10.30 Westward Report. 11.00 Gibbsville. 11.55 So It Goes. 12.25 a.m. Faith For Life.

YORKSHIRE

1.20 p.m. Calendar News. 3.20 Looks Familiar. 4.20 The Sooty Show. 4.45 The Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 The Streets of San Francisco. 8.30 The Squirrels. 10.30 Pub Entertainer of the Year. 11.00 Space 1999. 11.55 The Practice.

RADIO 1 247m

(S) Stereophonic broadcast

[illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

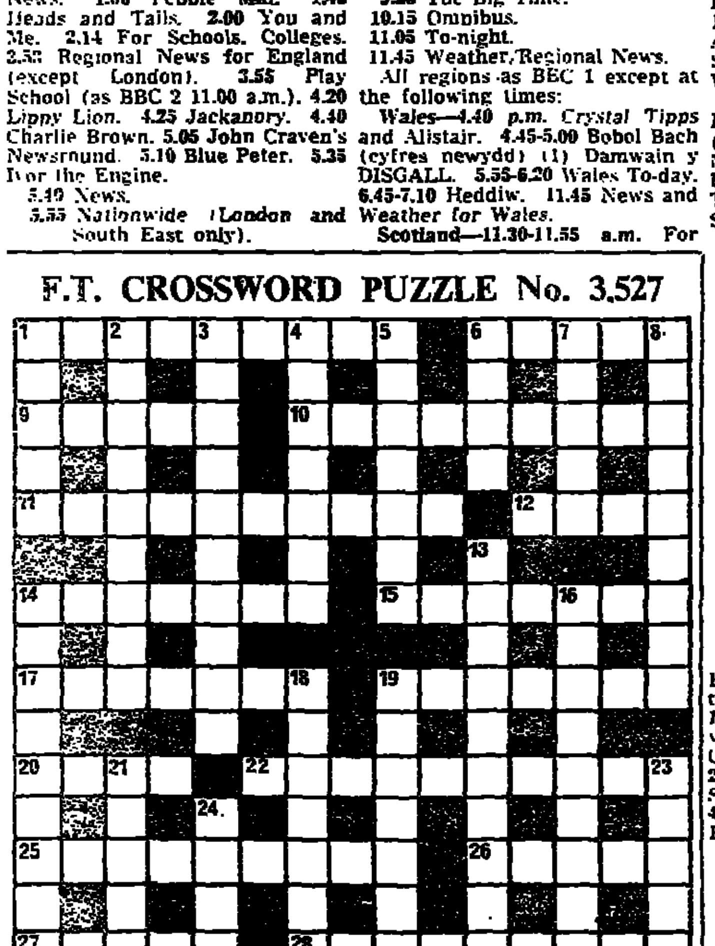
London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,527



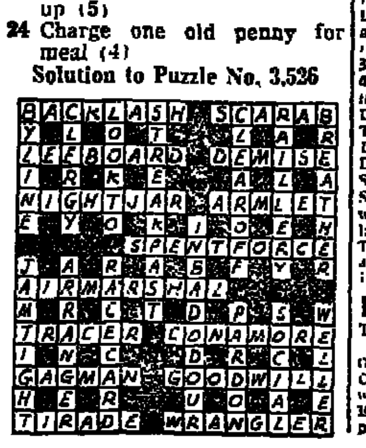
ACROSS

1 Cutting ditch with worker (9)
6 Thwart peevish hybrid (5)
9 Head north for a plate (5)
10 Flower that made men ripple in France? (9)
11 Clean one board and be generous (10)
12 Cut the ends off a whip (4)
14 I'd appear in river fork (7)
15 Practical person engineers a rota (7)
17 An essential part of an electric heater (7)
19 Thereabout at the scene of operations (7)
20 Put a rein on young animal accepting direction (4)
22 An additional part lithe people start taking (10)
25 Kitchen implement, e.g. a chopper? (3-6)
26 Left in distress, that's clear (5)
27 Give out and give in (5)
28 Stamina required to complete universal race round pole (9)

DOWN

1 Subject to pick endlessly (5)
2 Send abroad for additional mixed diet (9)
3 Worker I surrounded by ingenious support (10)
4 Type of pitch making reptile stop (7)
5 Glass part of lock (7)
6 Key part of bicycle frame (4)
7 One who possesses a bit of ermine (5)
8 Chemical used to cure favourite soldiers (9)
13 Courageous man in goal takes care of birds (10)
14 Reach Oriental in attempt to create treason (9)
16 For the most part it's gas or water (2, 3, 4)
18 Guardian is true about bad set (7)
19 Reversed red-tape and came to the point (7)
21 Rascal has to regret letting in own goal (5)
23 Get in disturbance and colour up (5)
24 Charge one old penny for meal (4)

Solution to Puzzle No. 3,526



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ord Review

The art of David Munrow

by NICHOLAS KENYON

everdi's Contemporaries. e Early Music Consort of ndon/David Munrow. HMV D 3393 £3.99

g Playing in Baroque Music. bert Donington, with orded illustrations by hudi Menuhin. George lcolm and Robert Donington. ok and LP record together. ber Music £8.80

Christmas Oratorio. reling, Baker, Tear, Fischer-eskau. Choir of King's llege, Cambridge, Academy St. Martin-in-the-Fields/ ilip Ledger. HMV SLS 5098 ree records) £11.95.

niani: Six Concerti Grossi. 3. Jaap Schröder, Academy Ancient Music/Christopher gwood. L'Oiseau-Lyre Flori-ium DSLO 526 £3.50

English and French Suites. stav Leonhardt (harp-hord) Philips Seon 6709 500 records) £15.25

is a melancholy pleasure elcome the final recording by the Early Music Con-of London, directed by d Munrow. Since his de a year and a half ago, sense of Munrow's loss has n greater, not less. Quite t from his abundant per-l gifts as broadcaster and er, we desperately lack ts as skilful as he was at sing concerts and planning rammes of early music. The ng of musicological sense musical enjoyment; the ity to involve, to enthuse then (quite unnoticeably) to ate the listener these were s at which Munrow was un-assed.

onteverdi's Contemporaries, recording of the final concert gave with his group in May, is a splendidly typical mple of his art. With the of throwing light on the lected Italian composers of early 17th century, he here embled a collection of music entirely unknown names: imi, Lappi, Prioli, Porta and ers. He devoted the second of the record to church sic: attractive but serious solo duet motets. But he had good sense to give the whole name of the one Italian com-er which listeners would mediately recognise, and to rt the disc with some lively, active secular music, the ces of Giorgio Mainerio.

With these scintillating dances, wheel almost turns full circle, to the record of the Susato erye with which Munrow's p first launched itself to a ghted audience. The distinc-Munrow band sound is the e (and why not, for the music from 1578, only 25 years later the Susato), and the crisp essionalism of the per-ers has grown. The same ging doubts are there—are e jolly drum beats and pert e roulades really implied by gritty music? Is the xylo-e solo in the Ballo Francese hing but a schoolboy prank? the Stokowski-like colours which the excerpts from the Venetian Canzoni per r collection are "orches-d" really justifiable?

But turn the record over, and such doubts disappear with some subtly underplayed, lyrically serious performances of the church music of the time. The gently swung rhythms of Donati's "In te Domini speravi," and the chromatic languishings of Grandi's "O vos omnes" provide music which recalls Monteverdi but is distinguished in its own right. It has been found, edited and is introduced here by Jerome Roche (collaboration with specialist musicologists was something else that Munrow did exceptionally well), and one hopes that more of this sensual music can be recorded. The singing of tenors Martyn Hill and Paul Elliott is outstanding, and they are accompanied (in Grandi's "O beate Benedicte" by some virtuosic cornett and sackbut playing). Munrow has again led us from the superficially attractive pleasantry through to the wholly worthwhile discovery. It is difficult to accept that this will be the last time it happens.

David Munrow

I think it's fair to say that Munrow was never preoccupied with questions of authenticity: communication was what mattered to him. In the field of baroque music problems of truthfulness immediately raise their head simply because so much more was written at the time about what the music ought to sound like. Anyone who thinks "authenticity" is just a matter of good (or bad) taste will be chastened after reading Robert Donington's guide to String Playing in Baroque Music. Donington has gathered together an enormous amount of information (available in full in his famous Interpretation of Early Music) and here it is distilled with the accumulated wisdom and experience (for Donington is himself a gamba player) of many years. The book is absolutely clear and very directly written.

Unfortunately, the author is somewhat let down by the choice of Yehudi Menuhin to record the accompanying illustrations. Though he is highly musical, Menuhin can't convey enough of the baroque style in the tiny fragments he's allotted; without looking at the sleeve it's hard to tell which are the "correct method" examples and which the "wrong method." I find him frequently over-insistent even in the full-length pieces on side two, and he is invariably better when playing with a modern bow than when playing (experimentally) with a baroque bow—which proves one of Donington's points, that it's possible to get good results through modern means, but is scarcely a good advertisement for the real thing. (One fragment from the Bach Double Concerto, played on a gut-stringed instrument, makes a lovely contrast with the metallic noises around it: it would be good to hear more of this.)

An unfortunate illustration of the fact that the right forces don't always produce the right result is provided by the new King's College recording of Bach's Christmas Oratorio, which could otherwise have gone right to the top of everyone's Christmas shopping list. A choir of boys and young men, such as Bach used; a small orchestra which plays cleanly; an outstanding line-up of soloists: why doesn't it add up?

The result is a jog-trot through this glorious sequence of six cantatas. Articulation is artificial and at times (in the staccatos of the third cantata's opening) prissy. Tempi are sometimes slow: the one-in-a-bar opening of the sixth cantata lumbers along in three. Though the choir is lively, the boys are all too often out of tune, and even the most distinguished soloists can't avoid that accusation either. To judge from the arctic wear displayed in the booklet's accompanying photographs, the recording perhaps took place during a snowstorm in King's College chapel. There must be some explanation.

The best recent realisation of Donington's theories in practice is provided, not by the Academy of St. Martin's on that King's College set, but by the Academy of Ancient Music on a new disc of Concerti Grossi by Handel's contemporary Geminiani. Led by the brilliant Dutch violinist Jaap Schröder, this record sparkles with that really transparent, glassy sound that the best baroque string players produce. And the music, especially the Bachian density and chromaticism in the third of the six concerti, is original and powerful: quite a find.

Finally, the single most distinguished boxed set to have come my way for a long time: Gustav Leonhardt's complete recording of Bach's English and French Suites. His highly sophisticated and at times mannered approach to phrasing and rubato is well known. It succeeds in the complexities of the English Suites, giving a clear architecture and sense of pacing to the long opening Preludes. But in the simpler French Suites the technique seems less appropriate: they sound weighed down by the seriousness of his approach. Nevertheless, listening through the ten sides of this wonderfully varied collection of harpsichord music, one gradually becomes accustomed to Leonhardt's expressive methods: when they have ceased to irritate, they make the music speak with a directness and strength few other keyboard players can match. Not easy listening for Christmas, but infinitely rewarding.

Two pages of books for Christmas will appear in to-morrow's paper

Oxford Playhouse

Timon of Athens

by GARRY O'CONNOR

This production by OUDS sets out to show Timon as a very young man whose neurosis—no more direct motives are accorded his folly but inner insecurity—leads to his tragedy. His generosity, love of splendour, is but a narcissistic failing, as is his equally extreme railing when none of his "friends" answer his need for money. This is an ingenious view and so in execution, with the gilded, soft voiced manner of Philip Franks, who plays him, one sometimes has the impression he is really Richard II, his prison the inbred England and not the sunbaked heroic mould of Athens.

Timon's flatterers, too, are all rather sinuous and ineffectual, draped in crisp white gowns against dazzling white backgrounds, in what is deemed the "urban" first half (the colour range in the "rural" second part darkens to browns, and blacks). The eye becomes a little confused by the symbolic use of colour in Pierre Audi's production, no more so than when the four Amazons weave about clasping white veils, quite significantly out of step with each other. Other sights which jar the eye are Alcibiades's coat of Treasure Island black, and Cupid's art deco evening suit.

The production is on slightly firmer ground with the gold that Timon clutches to his loins, though the gold itself is an octopoid threaded mass, not the usual comforting clink, but much easier for the symbolism of self-abuse the director wants to suggest.

The cast has little physical presence: they pick their way with undue caution around the set. The speaking is generally poor: the first character to appear, the Poet, should set a standard in enunciation and good sense, but half his words are lost. Most of the acting fatally lacks energy. Willy Gaminara's Apemantus having just helped himself from a platter, then says to Timon, "I scorn your meat!" This Apemantus looks as if he wouldn't harm a fly. Timon's grisly banquet is little more than an exhibition of schoolboy pique.

Paul Scott wins Booker Prize

A refreshing absence of controversy surrounds the award of the Booker Prize for Fiction (£5,000) to Mr. Paul Scott for his novel Staying On published in March by Heinemann at £3.90. The book serves as a coda to the four novels of The Raj Quartet (published in paperback by Panther) on which Mr. Scott's reputation as the most considerable English novelist of modern India since E. M. Forster rests. The choice of the judges headed by the poet Philip Larkin is likely to meet with general approval. Mr Larkin presented the cheque and a leather-bound copy of the book last night to the author's wife in Mr. Scott's absence because of convalescence from a serious operation.

Mr. Scott, at the age of 57, has earned his high rating among modern novelists through steady application to the task of fiction-writing since 1949 when he published his first book, after working as a company secretary to a publishing house and then as a literary agent. He had his first experience of India during three years' army service there in the second world war and he has been back several times since. Staying On tells of the latter-day fortunes of Colonel "Tusker" Smalley, now retired from the Indian Army, and living with his wife in Smith's Hotel, Pankot, a hill-station. Their need to adjust to a very different India from the one to which they were accustomed in the heyday of the Raj is depicted by Mr. Scott with his customary insight and accuracy.

A.C.

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Theatre Upstairs

Playpen

by B. A. YOUNG

"Sex," said the ex-Guardee undergraduate in one of Beverley Nichols's early novels, "is either a joke or a physical exercise." Heathcote Williams has narrowed it down still further: it is a joke. The first hour of his play is devoted to a comic exposition of the facts of birth and babyhood emphasising the old truism that we don't choose our own parents.

The second act is devoted to the education of the child born of the first act's activities. It consists almost wholly of the small change of growing up at school—not a school like Mr. Williams's Eton but an ordinary secondary modern, where he can go on sneering at the life-style of the less affluent classes. Masters, caretaker, dinner-lady are given routine parodies, school chat is filled with enough catch-phrases and chestnuts to fill an anthology. (I suspect they come from one: I see an anthology among the long list of credited sources in the programme.)

Since the material is so flatly laid out in front of us, there is no question of our culling any fresh ideas about bringing up the young. But Theatre Machine, the company that presents this piece, is adept at making it look interesting with its use of masks, puppets and so on; as well as their own versatility. There are four of them, Ben Benison, Roddy Maude-Roxby, John Muirhead and Ric Morgan, and they are directed by Gerald Chapman, who seems to allow a measure of extemporisation. Jennifer Carey and Ariane Gastonbide designed the masks and things. The outsize head of Mr. Albert, the indifferent schoolmaster, is a winner.

Leonard Burt

John Muirhead and Roddy Maude-Roxby

Sadler's Wells Theatre

Continuum

by CLEMENT CRISP

Micha Bergese's new dance work for the London Contemporary Dance Theatre comes with a programme note acknowledging inspiration from Camus' Myth of Sisyphus. Its admirable setting by Norberto Chiesa is of a structure made from aluminium masts so angled as to form a sequence of slopes on which Bergese, a mountaineer Sisyphus, climbs and forever slides down. His ceaseless, fruitless ascents are a constant of the work; and Bergese's highly concentrated physical and emotional presence—he is an exceptionally gifted dancer, having a hard, cutting edge to his stage personality—give Continuum a hypnotic, almost neurotic focus.

We watch this extraordinary figure doomed to an eternity of futile climbs and falls, and by the very relentlessness of his behaviour, we believe in him. Camus' argument of Sisyphus happy, fulfilled by the inevitable absurdity of his fate, seems less clear in the way that Bergese has paralleled his hero's activity with group dances for a double trio and another couple. These figures are seen in movement somewhat constrained by the stage area occupied by the metallic structure, and further restricted by a language more earnest than adventurous.

Nothing performed by the group can rival in intensity the repeated strivings of the hero: by a transposition of interest that is probably quite wrong, I found myself riveted by the mysterious dynamics of Bergese on his gradual ascents and slithering descents, while the dances of the attendant company receded into secondary importance. This becomes intentional, I imagine, at the end, when Bergese gives himself a desperate final burst of activity in which he pedals frantically as if trying to make the structure fly (shades of those splendid chaps who forever launch themselves in newsreels from cliffs, or the Eiffel Tower, and plunge giddily to their doom far below).

The accompanying score by Morris Pert is largely electronic, with moments in which mayhem is wrought on the entrails of a concert grand, and it makes for an agreeably sonorous background. I cannot hail Continuum as an unqualified success: its realisation suggests Bergese struggling like his hero with the insuperable problem of intellectual ideas not able to be revealed in dance. Yet in the central figure of Sisyphus Bergese has created a role of disturbing power, and the choreography for the body among the struts and masts of the set is entirely compelling.

Wigmore Hall

Sorabji again

by NICHOLAS KENYON

Yonty Solomon has been playing the piano music of Kaikhosru Sorabji so widely in recent months (he has, as everyone must know by now, exclusive permission from the composer to play his works) that his recitals no longer promise the sensational revelations they did a year ago. Nevertheless, the extensive radio and television coverage of this gloriously eccentric composer (in an age which desperately needs eccentrics) has clearly aroused great interest: there was a good crowd at the Wigmore Hall on Tuesday to hear the latest premieres.

Two works were given their first public performances (though the composer has recorded them both privately). Gulistan is based on 13th-century Persian literature, and describes a rose garden of truth, trust and beauty. To me it conjured up those luridly, artificially-lit prehistoric caves at Pechmerle: slowly, chromatically dripping clusters of augmented-chord stalactites in an endless series of meandering caves—is this a different place, or are we back at the beginning?

At least St. Bertrand des Comminges: "He was laughing in the tower" explored a wider range of keyboard sound, and told a more varied tale—a gloriously macabre ghost story, fleshed out with quotations from the "Dies Irae" and a splendidly vivid, flamboyant keyboard style. But like the Fantasie espagnole, a much earlier piece which Solomon has played before, its extravagance was counter-productive; a crushing display of notes with no breathing space, extended far beyond the length the material warrants, a Havergal Brian piano symphony.

In the concert's first half Yonty Solomon gave a relaxed, pleasant, drawing-room account of Fauré's Ballade, without any special distinction of tone; then a splashy and noisy version of Schumann's Carnaval, notably lacking in poetry. But his playing in hte Sorabji pieces was altogether different: passionate, responsive and committed. I wish I could share the commitment.

Soho Poly

Virgins, Vultures and Love

by MICHAEL COVENEY

Michael Sharp's lunchtime play is a piece of derivative twaddle that makes it impossible to detect any show of promise. We shall have to wait for a production by Wakefield Tricycle early next year of a full-length piece before passing more objective judgment on Mr. Sharp's talent.

The scene, admirably evoked by designer Rita Furzey, is a charmless pink hotel room somewhere in America where a young couple on honeymoon are pestered by an older married couple after a chance meeting in a restaurant. Nancy, in virgin pink, is tired and tense and stands picking at the curtains while her husband, Joe, attempts to deal with a stream of importunate, nosy enquiry emanating from a female lush, Catherine, whose husband, Kalman, has been extremely sick down his trousers.

The young couple, it appears, have not yet consummated their marriage and lush wants to know why; or rather she wants to see if she can help by making a party of the situation. There is a fair bit of George and Martha according to Albee in the older relationship but Mr. Sharp almost sparks the play to life by having Nancy retreat threateningly onto a ledge outside the bathroom. "Let her jump" says Catherine, "if it's going to make her feel any better." Nancy returns and the young couple are finally left alone once the likelihood of a swinging session has finally gone. Jeremy Gagan's production does little to help and the acting is less than adequate.

Cottesloe

Babel's Dancer

by MICHAEL COVENEY

This is the deodorised fringe. This is the end. This is the worst show I've seen since lunchtime. This is the National Theatre doing its bit. What can one possibly say about a show that is an animated Pseuds Corner about where Civilisation went wrong and technology took over, where fashionable jargon culled from (the programme has it) McLuhan, Buckminster Fuller, Levi-Strauss, Norman Mailer, Bob Dylan and Erica Jong to name but hundreds backs up a weedy stage scenario featuring a Christ figure, a terrorist raid in a Holiday Inn and a whole lot of guff about the libido and genital impulses? It is about everything. It is about nothing.

There is no passion or genuine expertise in this visiting production by Moving Being, just loads of money. Four TV screens convey the supercilious comments of a reporter at the scene of the raid and a series of dull interviews with dull sociologists. Six nice young performers waddle around in track suits evoking the problems of the universe, of urban society, of anything. During one particularly interminable sketch, an art lecturer on screen passes glib comments about Matisse, Poussin, Cubism, concluding that "the world has been completely invaded by culture and the products of culture." Wrong. Moving Being has been completely invaded, etc.

He also says that images are more precise and richer than literature. Not in this show. Admittedly no one can speak properly, let alone audibly, but the proliferation of image on screen, in sound, on TV and in movement amounts to nothing so much as a visual traffic jam, a collection of picturesque nonsense so dire as to baffle all understanding. A Chorus Line was "conceived, choreographed and directed" by Michael Bennett. Geoff Moore did the same for Babel's Dancer but forgot about the audience.

If anyone is going to mess around in the Cottesloe surely it should be the National Theatre Company itself and the work put into Bow Down by Harrison Birtwistle and Tony Harrison should be encouraged and carried on with actors who relate to the theatre's mainstream and its diversity of programme.

Conway Hall

The Golden Legend

by ARTHUR JACOBS

Sullivan would have been sad to think that The Golden Legend, which he produced in 1886 between The Mikado and Ruddigore, should have fallen into virtual oblivion. A keen controller of the conditions of performance of his works, he would scarcely have countenanced Tuesday's. The Golden Legend needs a full symphony orchestra and a chorus well exceeding the orchestral numbers; on occasion, at the Crystal Palace, it had 3,000 singers and 500 instrumentalists. To perform it now with a chorus of about 40 and an orchestra of similar size (omitting some specified instruments) is to get proportions wrong, as well as tone-colours.

Formally, this was a meeting of the Gilbert and Sullivan Society, for whom the Imperial College Operatic Society performed under Michael Withers. No book of words was provided—an omission unthinkable to the Victorians, depriving the audience not merely of the sung text but of the stage directions which underpin the music. (These directions are very specific: "Struggles at the door, but cannot open it," for instance.) The work is, in fact, fully a drama in concert form—not biblical (and not designated "oratorio") but bearing a conventionally pious tinge like its near-contemporary, Elgar's King Olaf.

As drama, however, Joseph Bennett's literary construction (after Longfellow) is trash. Lucifer, grandly imposing at the beginning, inconsequently fades out, never having been properly counterpoised to the self-sacrificing Elsie, who redeems the sick Prince Henry. Nevertheless Sullivan manages to give the story a rich, lively, continuous and unexpectedly chromatic score, choosing a treatment of the words quite different from his Savoy style with its parallel phrases and its necessary pointing-up of rhyme. A perky, almost Berlioz-like woodwind-and-brass theme for Lucifer is notable.

If this performance stirs, say, the Royal Choral Society or the Bach Choir to revive The Golden Legend with appropriate resources (it need not take quite a full evening) then it will not have been wasted. Among the soloists Delith Brook (a final-year student at the Guildhall School) as Elsie was outstanding for sympathetic appeal and thorough musicianship, not least when carrying on regardless of orchestral mishap.

EUROPEAN NEWS

Renewed Press attack on Sakharov

By Our Own Correspondent

MOSCOW, Nov. 23.

WITH THE ranks of Soviet dissidents being rapidly thinned by emigration and arrests, the Soviet Press is renewing its attacks on Nobel laureate Dr. Andrei Sakharov, who is the only major dissident figure still active in Moscow.

The Soviet foreign affairs weekly New Times, in an article summarised in advance of publication by the Soviet news agency Tass, accused Dr. Sakharov of "morbid arrogance" and "pathological individualism," which the weekly said can lead to "vicious anti-Sovietism."

The occasion for the attack on Dr. Sakharov, the most strident for some time, was the New Times' criticism of a planned hearing in Rome this month on human rights in the Socialist countries.

The article appeared to be a response to recent appeals by Dr. Sakharov for the defence of human rights in the Soviet Union.

Yugoslavian exile siezed

By Paul Lendvai

VIENNA, Nov. 23.

YUGOSLAV AUTHORITIES announced last night the arrest of Mr. Mileta Perovic, one of the leaders of the pro-Soviet and anti-Titoist exiles who, according to the official communique, is accused of having committed "grave crimes against the State and the people and conducted secret and organised activities directed against the independence and sovereignty of Yugoslavia."

The 54-year-old Montenegrin lived in Kiev, in the Soviet Union, following his flight from Yugoslavia in the 1950s, and ranked as one of the leaders of the so-called "Kiev Group" of pro-Soviet exiles. He moved to Paris in November, 1975, together with another prominent exile, Professor Bogdan Jovovic.

As the announcement did not specify the place and date of his arrest, nor the conditions under which the erstwhile partisan was caught, observers are convinced that Mr. Perovic was, in fact, kidnapped abroad by Yugoslav agents. This was the case with another prominent enemy of President Tito, Mr. Vlado Dapcevic, who in the summer of 1975 was kidnapped from Bucharest in Romania by Yugoslav agents.

SMOKING IN THE SOVIET UNION

A burning issue

BY DAVID SATTER IN MOSCOW

HYPNOSIS IS being used to combat the smoking habit in the Rusian actors' sanatorium at Sochi, the resort which is the centre of the Soviet anti-smoking campaign.

Instructions calculated to induce a trance and accompanied by organ music or the sound of birds chirping are transmitted to receivers in the pillows of those taking the cure upstairs. The instructions are followed by a carefully phrased anti-smoking message, the last sound the actor hears before falling asleep.

The method is only one of the sophisticated means being employed in Russia to get people to give up smoking. Although tobacco production is scheduled to rise 16 per cent. in the 1976-80 five year plan, the countervailing efforts to discourage the habit are considerable, and growing.

Smoking is banned on all internal Aeroflot flights of less than five hours, in dining cars, sports stadiums, swimming pools, ticket offices and—with difficulty — in many cafes. Moscow recently banned smoking at tables in the city's 120 restaurants, allowing it only in restrooms and special foyers.

Russia is the world's fourth largest tobacco grower, after the U.S., China and India, with total production in 1976 of 264,000 tonnes of raw tobacco, 218bn. cigarettes and 157bn. "Papirosi," potent cigarettes which consist of a two-inch holder made of rolled paper and an inch of chewing quality tobacco. Demand for tobacco products is high and last year Russia supplemented domestic production by importing 74,000 tonnes of raw tobacco and about 53bn. cigarettes, mostly from Bulgaria.

Sochi has undertaken a co-ordinated drive against the habit. City officials report a 25 per cent. drop in cigarette sales and no decline in tourism. The Sochi anti-smoking effort is largely a characteristic of the "city of health" but it could presage wider efforts against smoking in the country as a whole.

Cautionary placards at the station and airport greet visitors to Sochi who are also met with anti-smoking propaganda in the sanatoria and rest homes where many spend their holidays. On arrival in the sanatoria, they are asked whether they want to give up smoking. Those who try, inspired by the aura of good health and clean living, either do so unaided or with the help of medicines that help over withdrawal by imitating the effects of nicotine.

The treatment in the Sanatoria is largely psychological. Doctors discuss the harmful effects of smoking with those who want to stop the habit and there are discussion groups. Those who succeed are given a certificate congratulating them on their willpower and doctors at the sanatorium write to them to avoid a relapse.

In Sochi omnipresent posters proclaim that "work, rest and medical treatment are incompatible with smoking." The campaign is supported by

The treatment in sanatoria is largely psychological. Those who succeed receive a certificate praising their willpower and doctors write to them to avoid a relapse.

articles in the newspapers and programmes on radio and television. Smoking is banned in cinemas, hotels and public buildings, including the Sochi town hall. Kiosks that sell cigarettes also display anti-smoking literature.

This total approach to combatting smoking works well in a resort where the healthful atmosphere, nearby mineral springs, and the break in the work routine, encourage people to try to stop. An estimated 200,000 persons a year are now giving up smoking in Sochi, though only 10,000 succeed for good.

Other towns could follow the example. Exhortatory public propaganda is almost as common in Russia as advertising is in the West, so a national anti-smoking campaign would be both feasible and in character. The Soviet Health Ministry is concerned about the increase of smoking in the country and particularly, the use of tobacco by schoolchildren. Literaturnaya Gazeta, the writers' union weekly, has called for health warnings on cigarette packages, a ban on cigarette sales in grocery shops and from news-stands, and the elimination of inducements to smoke such as scenes of cinema stars smoking.

Oddly, the campaign has apparently met bureaucratic obstacles from ministries responsible for growing tobacco and making cigarettes. Per capita cigarette consumption by persons over 18 in 1974 was estimated to be only 60 per cent. of that in the U.S., a tribute perhaps to Russia's lack of cigarette advertisements, but consumption is rising and tobacco production is a 4bn. rouble a year industry. According to Literaturnaya Gazeta trade officials recently opposed the proposed inclusion of a health warning in each cigarette packet and the Ministry of Light Industry, which oversees 5[illegible] tobacco factories, and the Ministry of Agriculture, which oversees 189,000 hectares of tobacco crops, are other potential sources of opposition to stringent anti-smoking measures.

More than 20 brands of cigarette are on sale in Moscow and many more in the national republics. The most popular appear to be Yavaplai and Stolchinaya filter cigarettes at 30 Kopecks (about 23 pence) for 20. The Apollo-Soyuz brand commemorating the joint U.S. [...] also appears popular, probably because of its American association and the American tobacco of which it is made, but is hard to get.

Cigarettes imported from the West are only sold to foreigners for hard currency.

The potent papirosi, production of which is to be cut one third by 1980, sell for 22 Kopeks for 250. There have been efforts to create tobacco substitutes but unsuccessful attempts to make something smokable out of such substance as cellulose, sawdust, cabbage leaves, beet root leaves, dandelion leaves and pollen, the tobacco industry has given up. Scientists in Kiev however, have designed a special cigarette holder which may go into wider use. It contains pills made of baked metal powder which act as a filter and are said to retain up to 75 per cent. of the most harmful components of cigarette smoke drawn through the holder.

U.S. airline ban Page 7

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Barre wages plan rules out real increase in 1978

BY DAVID CURRY PARIS, Nov. 23.

...NCE cannot afford any real ...ease in wages before the end ... next year, M. Raymond ...re, the Prime Minister, said ...ay when he outlined the Gov...nent's incomes policy for ...

...e agreed, however, to two ...cessions to the lower paid ...ch are likely to weigh heavily ... the fragile finances of parts ... French industry: workers on ... minimum wage, which is in...ed to the cost of living, will ... given an increase in Decem-

...presidential guard was killed ...day as a mentally deranged ...man tried to crash his van ...o the Elysee Palace of Presi...nt Giscard d'Estaing just as ...cabinet meeting was starting, ...ites David Curry. When his ...y was blocked the gunman ...mped out of the van, fired a ...ot in the air and then two ...ots at point-blank range at ...e guard. He was overpowered ... the remaining guards.

... above the level justified by ...exation while manual workers ... receive a post-Christmas ...120 bonus (about £13.50) ...n companies whose finances ... permit it.

...his is part of the policy of ...ing to close the gap between ... lower grades of white-collar ...kers and manual workers — ... present about 12 per cent.

... Barre confirmed that ...aries of Frs.30,000 a month ...(500) would be blocked at ...ir nominal value. This year ... freeze has applied to salaries ... Frs.24,000.

...The Prime Minister said that ...-10 per cent. line for wage increases in 1977 must be held, permitting no real increase. Even at this level wages in France would have risen faster than in any other EEC country except Italy. The consequences for France's ability to compete were severe.

Next year there would be no catching up on whatever had been lost this year, nor would there be anticipatory wage settlements. Any real increase in wages would be decided in the light of the country's economic performance.

This formula is already written into a number of wage agreements this year, making any real increase dependent on the final figures for inflation, expected to be about 9.5 per cent.

The stringent guidelines for wages must be viewed together with the promises of improved benefits already conceded or promised in family allowances and old age pensions. These concessions will also fall heavily on industry, whose need to return to better profitability is one of the principles underpinning the Barre plan.

A study published earlier this week showed that one wage earner in three received less than Frs.2,000 a month: 56 per cent. earned between Frs.1,700 and Frs.2,500. The minimum wage stands at present at just over Frs.1,700.

The Socialist economic programme calls for a minimum wage of Frs.2,200 a month, plus whatever is necessary to compensate for inflation between now and March. The Communist pledge is similar.

Belated praise for Sadat

BY OUR OWN CORRESPONDENT PARIS, Nov. 23.

...ANCE TO-DAY gave a be...ed blessing to President ...dat's journey to Israel when ...hailed his "courageous initia...e" which had "given proof ... his desire for peace."

...The statement, issued after ...e weekly Cabinet meeting, was ...early intended to dispel doubts ...out France's enthusiasm for ...e venture after the French ...overnment's refusal to permit ...e EEC to issue an applaudatory ...eclaration at the end of last ...eek.

...The incident of the Sadat ...ace initiative has given all ...e appearances of catching ...ance's normally polished diplo...atic machine and the self-...urance of her Ministers ...ably short of aplomb.

...ollowing the refusal to endorse the original EEC text, Community Foreign Ministers earlier this week issued a statement applauding the Sadat visit. France has claimed parentage for this initiative

The original French refusal to endorse an EEC initiative aroused widespread anger here. The official explanation was that France considered the EEC move premature in case it backfired badly. It was also suggested that the EEC was allowing itself to be dragged by the U.S. coattails and that M. Henri Simonet, the Belgian Foreign Minister and chairman of the Council of Ministers, had tried to hurry the declaration through the Council unreasonably.

Other Middle East news Page 6

Ministers add £109m. to EEC budget

EEC Budget Ministers have restored £109m. of the cuts they made earlier this year in the proposed 1978 Community budget, which after the Council of Ministers second reading, stands at 12.139bn. European units of account in payments (£7.76bn.), writes David Buchan. The budget is still well below what the Commission and the European Parliament originally requested, but there is room for a further increase mainly because Ministers did not set a new figure for the EEC Regional Fund. The Commission is especially pleased that Budget Ministers restored the cut they had earlier made in the EEC Social Fund.

Community jobless

Unemployment in the nine European Common Market countries was close to 6,000,000 at the end of October for the second month running, the Community's statistics office announced yesterday, reports Reuter. About 5.7 per cent. of Market workers were out of work compared with 5 per cent. in October last year. A statement said that, with seasonal variations taken into account, there was a *slight downward trend during* October.

Greek poll results

The Greek Interior Ministry announced yesterday that the final results of Sunday's general election gave Premier Constantine Karamanlis and his New Democracy Party 41.85 per cent. of the popular vote and 173 seats in the *300-member Parliament*, UPI reports. The Panhellenic Socialist Movement of Andreas Papandreou won 25.33 per cent. of the vote and 92 seats.

TU-144 in service

The Soviet Union's supersonic Tupolev-144 airliner left Moscow yesterday a day late on its weekly flight to Alma-Ata after being grounded by bad weather, Reuter reports.

Dutch pact attacked

Dutch Christian Democrat leader Andreas van Agt *yesterday faced* mounting resistance in his party to terms of a draft coalition pact designed to replace the present government, Reuter reports. Left-wingers said to-day they would not support the accord with the Liberals unless its section on economic policy were changed.

Concorde charter

Air France said yesterday that Iran would charter one of its Concordes to open an exclusive holiday island resort in the Gulf at the end of December, Reuter reports.

Pirate protest

Four Nordic countries protested formally to Nigeria yesterday about pirate attacks on merchant ships off Lagos, Reuter reports.

European weather satellite goes into orbit

BY DAVID FISHLOCK, SCIENCE EDITOR

EUROPE'S first "workhorse" satellite for weather forecasting was launched successfully from Cape Canaveral early yesterday.

The £92m. Meteosat project of *the European Space Agency in* Paris is the fourth in a chain of five big meteorological satellites designed to girdle the earth above the equator in geo-stationary orbits.

The missing link is a Russian "metsat" called GOMS, now overdue, and for which there is still no indication of a launch date.

The U.S. has provided two of the metsats, and the Japanese a third—albeit with a fault.

The five satellites, at equal distances around the earth, are *designed to transmit cloud cover* images—visible and infra-red—to ground stations, which relay them to meteorologists.

When finally positioned, Meteosat will be above the equator at 0 degrees longitude.

The gap in the chain to be filled by GOMS embraces the Indian Ocean — an important component of the world weather machine in forecasting terms.

For Britain's Meteorological Office, Meteosat will have a major role in improving both short-term and long-term forecasting, *as well as in its research programme.*

The patterns of weather in the tropics have a considerable influence on the weather in Britain, but forecasters have previously been severely handicapped by a dearth of data.

The Meteosat project has three main missions: earth-surface and cloud cover scanning at half-hour intervals as the satellite rotates at 100 rpm; dissemination to scientists of the data its cameras gather; and the collection of environmental data.

The main contractor for the 697 kg. satellite was Aerospatiale, as lead company in the Cosmos Consortium. Eight European nations participated in the project, among them the U.K., where Marconi Space and Defence provided key portions of the control, communications and ground support equipment.

Portuguese look for investment

By Diana Smith

LISBON, Nov. 23.

THE PORTUGUESE Institute of *Foreign Investment*, inaugurated officially, yesterday, will assess requests by foreign companies to invest in Portugal, reconciling, as the Economics Minister, Sr. Sousa Gomes said at the ceremony "national interests with the goals of foreign capital."

Sr. Sousa Gomes made it clearthat acceptance of foreign investment requests would depend on their contribution to Portugal's economy as a whole.

"*We must be realistic and* coherent, remembering that some investors may be influenced by our present economic difficulties and make demands on us for special access to local credit and privilege in terms of exchange," he said.

Before the 1974 military coup which ousted Sr. Marcelo Caetano's right-wing dictatorship, several foreign terprises made minimal investments in equipment, used cheap, docile labour to manufacture components assembled in other countries, and exported profits and capital at will. Many such companies departed hastily after the coup, leaving plants that had scanty, specialised equipment that could not be converted to other purposes.

Portugal is eager to attract *foreign investment*, so as to offset its $1bn. balance of payments deficit and provide new jobs.

Foreign capital invested in Portugal totalled about $500m. at the end of 1975 (the latest figures available). About 150,000 people (4 per cent. of the labour force) are employed in enterprises partly or wholly-owned by foreigners.

Parliamentary monarchy proposed for Spain

BY ROBERT GRAHAM MADRID, Nov. 23.

A SEVEN MAN *inter-party* constitutional committee is proposing that Spain adopt a "parliamentary monarchy" as the central element in a new constitution. According to a leaked provisional test that appeared in the local press, the monarchy will act both as the guarantor of regional autonomy and of national unity.

The leaked text does not mention the word "hereditary." This is seen by observers as a significant omission. The term "parliamentary monarchy" is apparently regarded as an acceptable compromise between the various republican and monarchist trends within the political parties.

The main intention is to ensure that the monarchy is subject to parliamentary control.

The monarchy issue apart the leaked text is interesting on three *other respects. Throughout the* 39 articles cited the drafting committee has been careful to ensure that regional sensitivities are fully recognised. Although Spanish will be the official language other languages are recognised—indeed the richness of other languages is considered a cultural asset.

Secondly the proposals make it absolutely clear that Spain is not a confessional state. This is an important departure because the Roman Catholic Church has always insisted and still insists on the particular Catholic nature of Spain. In practical terms this could herald the beginning of the end of the state subsidies to Roman Catholic institutions and clergies' pay.

Thirdly the army is not specifically mentioned in any of the leaked articles. The text is not complete but observers believe it would have been *logical to* mention the role and position of the armed forces in the initial articles. In the previous Francoist fundamental laws the *armed forces* were regarded as the guardians of the Spanish heritage.

Finally the proposed constitution provides important judicial safeguards against the abuse of individual liberties. It also recognises the right to free association, the legality of organised labour and freedom of expression. A good deal of further discussion will be necessary before the constitution is finalised and there could be significant changes.

Reprieve for the blushing banger

BY DAVID BUCHAN BRUSSELS, Nov. 22.

THE red colorant that brings a blush to the British banger has been granted a stay of execution, the EEC Commission announced to-day. This is one of the national food additives that can remain, "pending further scientific research" to decide whether it should be banned or placed on the Community's approved list of permitted additives.

Similar extensions have been granted for the use of something called Ethoxyquin, which prevents something else called "scald" on apples and pears, and also liquid smoke solutions for foodstuffs requiring a "smoked flavour" These exemptions mainly affect the three new member states whose treaties of accession allowed them until the end of 1977 to continue with their gastric particularities.

The Commission has recently dropped its "harmonisation for harmonisation's sake" approach on foods, out of which grew the ill-starred saga of Eurobeer.

Husak seeks visit to Bonn

By Paul Lendvai

VIENNA, Nov. 23.

THE CZECHOSLOVAK Government would like the country's president, Mr. Gustav Husak, to *visit West Germany next year.* Mr. Lubomir Strougal, the Czechoslovak Prime Minister, said here to-day.

The Prime Minister also expressed interest in the "all-out development of relations" with West Germany, Czechoslovakia's most important Western trading partner.

Speaking at a press conference, Mr. Strougal said that Czechoslovakia had no plans for the liberalisation of entry procedures for foreign visitors next year, but it was continuing to study the visa problem.

He admitted that the authorities had committed some mistakes in the treatment of foreign journalists. The work of visiting journalists should be made easier, he said, provided they abstained from "personal defamation of leading Czechoslovak statesmen."

Mr. Strougal praised his talks with Austrian Chancellor Bruno Kreisky. This has been the first visit to Austria by a Czechoslovak Prime Minister since 1918.

U.K.-Scandinavian air talks stalled

By Fay Gjester

OSLO, Nov. 23.

A DISPUTE between Britain and the three Scandinavian countries about proposed new air services by U.K. airlines to Copenhagen, Bergen and Stavanger, is no nearer solution after two days of talks here at senior civil servant level. The talks are to be resumed in London in January.

Meanwhile, the U.K. authorities will continue to ban SAS, the Scandinavian airline system, from opearting their Copenhagen - Birmingham service onward to Dublin.

OECD oil consumption up 7% last year

By Our Own Correspondent

PARIS, Nov. 23.

OIL CONSUMPTION last year in the 24 OECD countries increased by 7 per cent. to 1.776bn. tonnes, *reflecting* some recovery in economic activity and the increased demand for fuel oil to generate electricity in the wake of the decline in hydro power output. The rise was 6 per cent. in Europe, 8 per cent. in North America, and 4.8 per cent. in Japan, according to figures released by the International *Energy Agency and the OECD.*

The impact of the increased demand differed widely in the three areas. North American imports of crude and products were 23.5 per cent. up, and in the U.S. alone 25.9 per cent. higher. Japan increased imports by 7.6 per cent. and Europe by 8.3 per cent., in spite of an almost 50 per cent. *increase in local production to* 14m. tonnes.

Production of crude and natural gas liquids (NGL) in the OECD area as a whole was still about 9 per cent. below the 1972 peak, in spite of higher production in Europe.

The most important relative increases in view of the very low demand for them the previous year were for naphtha, heavy fuel oil, and gas/diesel oil. European use of naphtha was almost one-third up and residual fuel oil was 6.3 per cent heavier. Naphtha demand in North America was up by more than 39 per cent., and heavy fuel oil by 12.7 per cent., while the figures for OECD as *a whole were* 27.2 per cent. and 6.4 per cent. respectively.

Demand for gas/diesel oil was up by 7.2 per cent. in Europe, 7.3 per cent. in North *America, and 7.9 per cent.* in the total OECD. Demand for motor petrol was 4.6 per cent. higher in the area as a whole.

Imports of crude oil increased from all regions, except from the non-OECD countries of the West. U.S. imports from the Near and Middle-East leapt 191 per cent. Her crude imports from Africa were 62 per cent. higher.

European imports of crude were 62 per cent. higher from the U.S.S.R., while Libyan shipments were 27.6 per cent. up. Saudi sales 8.5 per cent. higher, and Iranian shipments 21.3 per cent to the good.

Japan's crude oil imports were only 2.2 per cent. higher, and the pattern of supply varied very slightly from the previous year with the main feature being a shift towards Saudi Arabian crude, which was up by 23 per cent.

OVERSEAS NEWS

Latest Australian polls show Labour in the lead

BY KENNETH RANDALL SYDNEY, Nov. 23.

PUBLIC opinion polls published to-day have gone badly for the Government in its campaign for re-election on December 10. On both general popularity and choice of issues, the Liberal and National Country parties in the present Government coalition are lagging behind the Labour Party.

The Labor Party would have won an election narrowly on both the national polls published within the past week. Both polls were taken before the Prime Minister, Mr. Malcolm Fraser, and the Opposition leader Mr. Gough Whitlam, delivered their policy speeches to officially open the election campaign, and also before the furore which forced the resignation as Treasurer last week of the Liberal Party's deputy leader, Mr. Phillip Lynch.

To-day's poll—published by *Bulletin magazine*—puts Labor support at 45 per cent. with the Government parties on 40 per cent. A survey last week by Australian Public Opinion Polls gave Labor 46 per cent. and the *coalition 43 per cent. In both* cases the preference votes of minor parties would probably have produced a Labor Party victory.

Respondents to the Bulletin's poll also looked at the relative importance of issues in the election campaign. Unemployment, which Labor has adopted as its main theme, was regarded as the most important issue by 51 per cent. of voters. Inflation, which is the main issue adopted by the Government, was given first priority by only 36 per cent. of respondents.

The question of whether or not Mr. Lynch's resignation should be an issue in the election produced a heated reaction last night from Mr. Fraser in an interview with the Australian Broadcasting Commission. He maintained that as a matter of decency it should not be an issue. ABC telephone polls in Sydney and Melbourne produced strong support for the Prime Minister's view. Mr. Lynch resigned because of controversy over profits from land dealings made by a family trust benefiting his wife and children.

To cap a day of bad news for Mr. Fraser, it also became known that the OECD has forecast a growth rate for the Australian economy next year of 2.3 per cent. rather than the 5 per cent. which the Prime Minister has advanced as the latest calculation by his advisers.

● *Industrial output in Australia in Ocotber fell from September, mainly due to a major power* strike, according to a preliminary estimate by the Australian Statistics Bureau, AP-DJ reports from Canberra.

Thousands dead in Indian cyclone

VIJAYAWADA, Nov. 23.

THOUSANDS of people are still *buried beneath collapsed houses* or drowned in flooded villages *devastated by India's weekend* cyclone and 18 feet tidal wave.

Estimates of deaths range from 8,000 to 20,000. The exact casualty toll will not be known until rescue teams have reached all the stricken areas in the south-eastern State of Andhra Pradesh.

Chief State Minister J. Vengal Rao said that more than 1.5m. *acres of rice fields, banana plan*tations and sugar cane had been destroyed.

Journalists who have reached *the area saw thousands of bodies* lying rotting in ruined villages. *The smell of decaying corpses* was everywhere. People appeared so badly shocked they did not even attempt to bury the dead.

The worst-affected area in the State was the small district of Divi Taluk, where at least 20 villages have been washed away. *Officials believe* that more than 5,000 people have died there. *Thousands are still perched on* the roofs of houses which withstood the cyclone's fury.

In Guntur district, south-west of here, *about 1,500 people have* died. Authorities have sent planes to drop food and medical supplies to most of the eastern part of the state, still inaccessible by road or rail.

There has been strong criticism of relief operations. Former Uttar Pradesh State governor, *Dr. M. Chenna Reddy*, visited the stricken area yesterday and *said relief measures so far were* either absent or inadequate.

Thousands of people who survived the cyclone were "hungry, naked and exposed to deadly diseases like cholera," he said. He described the scene as terrifying and expressed indignation that the local administration had not yet made any attempt to dispose of the bodies.

In this prosperous town 50 miles from the coast, the impact *of the cyclone was so powerful* that many houses crumbled and *collapsed killing at least 40* people. Electric power poles were uprooted and blocked roads for two days. The city was without electricity and drinking water, business came to a standstill and newspapers suspended publication.

Between the state capital of Hyderabad and Vijayawada, a distance of 180 miles, thousands of telephone and electricity poles, twisted and uprooted by the powerful winds, are strewn on the road.

Agencies

Government ties for labs

BY K. K. SHARMA NEW DELHI, Nov. 23.

SEVENTEEN of India's 47 national scientific research laboratories are to be attached to "user ministries" of the central government, a move decided on to-day in spite of widespread criticism by scientists in India and abroad. The criticism is based on the fear that research work and scientists will come under the bureaucracy and be subject to interference by civil servants and politicians.

The proposal, which originated in the Cabinet secretariat, was *accepted by the society of the* Council of Scientific and Industrial Research at a meeting to-day presided over by Mr. Morarji Desai, the *Prime Minister*. It was justified on the ground that *it will establish a closer* link between the laboratories of the *Council and the users of their* research findings.

The proposal was first made on the ground that most of the findings of the laboratories, on which the Government spends huge sums every year, are merely shelved because there is no method by which they can be put to profitable use. But many scientists working in the laboratories *feel they will now be* answerable to civil servants and fear interference in their work.

Chikerema attacks British 'treachery'

By Martin Dickson

THE deputy leader of Rhodesia's United African National Council (UANC) emerged angrily from a meeting yesterday with Dr. David Owen the Foreign Secretary, and accused Britain of "treachery" *in excluding the* UANC from a proposed Rhodesian ceasefire conference.

Mr. James Chikerema, the first vice-president of the UANC, said that his two-and-a-half hours of talks with Dr. Owen had done nothing to make him withdraw his remark, made earlier this week, that UANC was "sick and tired of the evasion and treacheries of the British Government."

The UANC, led by Bishop Abel Muzorewa, is believed to have the strongest following inside Rhodesia of any *nationalist group. Its disillusion* with the Anglo-American *settlement strategy is* particularly significant now because Mr. Ian Smith, the Rhodesian Prime Minister, is evidently hoping to bring it into the internal settlement plans he has promised to unveil this week.

Mr. Chikerema yesterday evaded questions on whether the UANC would be prepared to enter negotiations with Mr. Smith, but he appeared to leave this possibility open.

"If we find that foreigners keep on meddling and getting us nowhere," he said, "it is up to us Zimbabweans to sit down and come to an agreement, as long as *that agreement is based* on a universal franchise."

The UANC's anger and Mr. Chikerema's visit to Britain stem from the U.K.-U.S. plan to convene a ceasefire conference involving the Salisbury Government and the Patriotic Front, *which speaks for the Rhodesian* guerillas, but none of the other rival nationalist groups.

Accusing Dr. Owen of "*backdoor activities*," Mr. Chikerema said that the plan was a deliberate attempt to leave the UANC behind.

Whitehall sources said that at yesterday's meeting—called *at Mr. Chikerema's request*—Dr. Owen had emphasised that Britain was not trying to squeeze the UANC out of its settlement strategy.

Saudi fears over Arab divisions

BY IHSAN HIJAZI BEIRUT, Nov. 23.

SAUDI ARABIA is deeply concerned about the new *splits in* Arab ranks over President Sadat's *trip to Israel* and fears serious repercussions which might affect the stability of the more conservative Arab regimes.

Arab diplomatic sources close to Saudi thinking said Riyadh is especially worried about the seriousnes of the rift between Cairo and *Damascus*.

They recalled the strenuous efforts the Government of King Khaled had to exert to reconcile President Sadat and President Assad last year after their dispute over Egypt's 1975 second-stage Sinai agreement with Israel, and Syria's involvement in the Lebanese civil war.

Saudi Government leaders do not feel the time is opportune yet for mediation between Egypt and Syria, the sources reported, and added that the Saudis believed the present issue "is too hot to *handle*."

Riyadh expects heavy pressure from various sides to influence its *position, and takes the view that* the best policy is to wait and see *what develops, the sources said.* But they themselves doubt *whether Saudi Arabia, which has* been a major influencing force *in the Arab world will in fact be* able to accept this.

Syria and the Palestine Liberation Organisation (PLO) in their joint communique *last night*, declared that henceforth they would judge each Arab State *in* the light of its reaction to President Sadat's new policy towards Israel.

The communique was issued after a meeting in Damascus between President Assad and Mr. Yasir Arafat, the PLO leader.

Observers said that the U.S., which apparently has been exerting efforts to stop Syria from going over to the "rejection" front led by Libya and Iraq, is *seeking Saudi assistance in this* matter.

The Government of Saudi *Arabia last week* issued a statement expressing surprise and disapproval over President Sadat's visit to Israel.

To some Arab analysts the statement was rather mild. The *analysts were convinced that* Mr. Sadat must have at least informed King Khaled of his intention to go to Israel when *he visited Riyadh earlier this* month as part of the tour which also took *him to Romania* and Iran.

Observers recalled that the Saudi Government backed Mr. Sadat in *his efforts* earlier to make progress towards a Middle East settlement. They expressed doubt however that Riyadh *wanted him to go as far as to* visit Israel.

The *diplomatic* sources said that President Sadat's position *was of particular concern* to the Saudis. For they fear that if he was isolated in the Arab world, he might be pushed into a unilateral peace agreement with Israel.

Louis Fares adds from Damascus: Mr. Khaled Fahoum, Speaker of the Palestine National Council (*parliament-in-exile*) *to-day* announced that the meeting of the *PLO's Central Committee*, which liaises between the PNC and the influential PLO Executive Committee, had been postponed from tomorrow until December 1 "in order to study all the repercussions of the Sadat visit to Israel."

This comes when observers here *have* noticed that Mr. Arafat's attitude towards the Sadat visit has been ambiguous. Unlike most of his senior aides he has been moderate in his reactions and statements. According to reports reaching here last week, Mr. Arafat, although opposed to Mr. Sadat's initiative did not want "to break all bridges with Egypt in order not to fall exclusively into Syrian hands on the Lebanon."

WHY EGYPT'S MILITARY BACKS SADAT

A question of loyalty

BY MICHAEL TINGAY IN CAIRO

WHEN IT became clear that *President Sadat of Egypt really* intended to visit Israel and pray *at the Al Aqsa mosque, the initial* reaction even among the more seasoned observers here was that the initiative could only lead to his downfall. Mr. Ismail Fahmy, the former Egyptian Foreign Minister, who resigned last Thursday, certainly believed in such an outcome. Speculation was naturally rife about feelings within the armed formes which *emerged with so much pride* from the October war of 1973 *and, it was thought, might regard* Mr. Sadat's mission as a betrayal of the Arab cause or an unforgivable humiliation for Egypt.

Now it is clear that Mr. Sadat has almost total support from the Egyptian people for his peace gamble. As for the armed forces, General Mohammed Abdel Ghani Gamassi, Egypt's Deputy Premier and Minister of *War*, and the chiefs of the armed forces know that the military *option is not open* to them and also are known to approve of the *initiative*.

The current national euphoria, certainly, could *yet turn to bitter* disillusionment when the thaw in relations with Israel is seen to have done nothing to cure the nation's domestic ills. The bread riots of January 1977 showed the measure of frustration felt by the people at large over economic stagnation and the internal *policies of Mr. Sadat.* But, if at all, street mobs would only *topple* an Egyptian regime for domestic reasons—not for those *relating to foreign policy.* As it is, Mr. Sadat is confident, apparently, with *justification*, that Egypt's armed and internal security *forces can and will* protect him.

It is true that last January the army only reluctantly intervened after the Government had backed down on its decision to cut subsidies. General Gamassi's initial refusal to heed the request of Mr. Mamdouh Salem, the Prime *Minister*, might seem to have involved a political judgment. *The fact is, however, that Egypt's* military has kept almost completely out of the *political arena* since the 1952 revolution. Especially under General Gamassi, the army considers itself a professional force obedient to the civilian Government.

Following the riots, though it is not known precisely when, the military chiefs gave President *Sadat the go-ahead* to act as he saw fit to bring about a peace *settlement. Thus, the cables of* support sent to him before his departure to Jerusalem by General Gamassi, General Ahmed Badawi and General Fouad Aziz Ghali, commanders of the Third and Second Armies respectively, and other senior officers should not be taken as merely ritualistic pledges of backing for his foreign policy. They reflect not only a consensus about the professional nature of the army but also the belief that the armed forces, still *heavily geared to Soviet systems* but deprived of Russian spare parts and new weapons, would be badly mauled in another conflict with Israel in the indefinite future.

If, as seems likely, Israel does not offer more flexibility on the question of Palestinian rights, then Mr. Sadat would rely on the Egyptian people's yearning for peace to carry him through a period of near isolation in the Arab world.

Internal opposition to his *initiative will come from three* main areas: the Nasserist Left, *Right-wing Moslem extremists*, and other more opportunistic *elements*, linked with either of the first two and stimulated and *backed from abroad*. Undoubtedly it will be reflected in the armed forces, even though the officer corps is bourgeois in nature and secular in outlook.

Foreign intelligence analysis confirms that there may be active opposition from middle-ranking officers. However, apart from doubts about the possible extent of disaffection and subversion it indicates that coup attempts would not succeed because of the structure of the army, the distribution of its firepower and the nature of its communications systems. One expert *said in Cairo:* "There may be wild attempts from the level of *colonel and below*, but I am confident that Gamassi can hold *things down*."

A senior member of the Egyptian armed *forces*, who cannot be named, gave his own well qualified and reassuring view in a private interview with the Financial Times. His analysis and revelations seem particularly significant at this moment of uncertainty because of the insight they give into the reasons for Mr. Sadat's historic and seemingly dangerous gamble.

"When I heard the news about the Israel visit," he began, "I was *pleased*. The *other* officers said they liked it, but no one was sure the *other was telling the* truth. Later, more relaxed in *the evening*, we realised that everyone truly felt the same.

"General Gamassi has *expanded the army since 1973* by 25,000 men to 300,000, while *making* it even more professional. We are not a political army—we are professional. That is why we achieved the crossing of the Suez Canal in 1973. We will not return to being a political army.

"I don't even believe there are fanatic Moslem colonels in the army who might make coup attempts. As for Arab Nationalist would-be coup makers, remember President Sadat has started a tide in Egypt which will not be easy to stop. Soldiers are ordinary Egyptians trained to use arms. They have the same opinions as the people and are part of the Egyptian masses."

Gen. Gamassi, Minister of War.

He continued: "As for coup attempts arranged by powers outside Egypt, the answer is the same as for fanatic colonels and is the most important reason—*the Yemen factor*.

"Egyptian officers are not prepared to *face again huge losses* for a battle which is not theirs. *What Sadat has done should have* been done years ago. There will *never be another Yemen*."

He believed that Egypt lost 20,000 soldiers dead in the war which the late President Gamal Abdel Nasser waged to support the republicans against the Royalists, whom they had overthrown, during the 1960s in North Yemen. (On this point he seems that he was wrong. According to Egyptian intelligence services the United Arab Republic—as Egypt was called then—between 1959 and 1971 lost no less than 40,000 dead fighting in the futile conflict.)

The senior officer continued: "We would fight and die defending our national interests but we have died enough for the Palestinians. I accept that this in effect means war—war of some sort with Palestinians. It will be a very rough ride for Egypt. I am an Egyptian first and an Arab second. I support the Palestinians' need to get back its homeland but I am no longer willing to die for them.

"Saudi Arabia's *Minister* of Defence was asked recently when the next Arab-Israel War would be. He replied, 'When the Egyp*tians are ready*.' The *army* is ready to die for Egypt but not *for the Palestinians*. No military coup could succeed in persuading the officers at large to send the men to die for a fight which is not theirs. We die for Egypt.

"President Sadat, the officer believed, has correctly gauged the time to strike out in a tide of nationalism based on Egypt and the River Nile—witness the visit of President of Sudan—and it will be very difficult to reverse the tide when clearly 95 per cent of the Egyptian people want peace. "This is what has escaped every single *one* of the critics," he said. "Sadat knows he might *well die. He has calculated* his own. I believe if he dies his successor will follow the same course and will be as proud as I am to be an Egyptian."

As for the possibility of economic factors causing Mr. Sadat's overthrow, the same senior officer who revealed what he believes to be the army's feelings, guessed: "If we feed the people with things like bread and chickens and that is enough, and if they riot and threaten the regime, yes, we will have to shoot them. Having got this far we will see it through."

Mr. Sadat will remain vulnerable to assassination by an *extremist*. But it would be a mistake for his enemies in the *Arab world to assume that* he will be overthrown or, in the *event of his death, that his policy* of "Egypt first" will be reversed.

Political motive suspected for South African murder

BY QUENTIN PEEL JOHANNESBURG, Nov. 23.

THERE WAS a stunned reaction *here to-day to the brutal murder* of Dr. Robert Smit, a leading election candidate for the ruling National Party and formerly South African representative at the International Monetary Fund, who was found shot and stabbed to death with his wife in their home in Springs, near Johannesburg.

The only clues to the murder were two mystery *slogans* sprayed on the walls of the house. There was immediate *speculation* that the killing might have had a *political motive with elections* next week, although there was no other evidence to suggest it. Police said there was no evidence of a robbery or break-in.

Dr. Smith, aged 44, was *managing director of Santam* International, the foreign bank*ing wing of the Santam group*, and one of the country's most *outstanding economists. Before* going to the IMF, he was deputy-secretary of finance, and was widely tipped as a future Finance Minister. *He was standing as* National Party parliamentary candidate for the Springs constituency will automatically be cancelled.

The killing brought immediate condemnation from Mr. John Vorster, the Prime Minister, as *well as from the leaders of all* South Africa's political parties.

Police said to-day that Dr. Smit had been shot three times, and stabbed, while *his wife had* been stabbed 14 times. It was reported that Dr. *Smit* was attacked when he opened the front door of his house, and shot in the head with a revolver. His wife, Jeanne-Cora, was found in a corner of the living room.

The bodies were found by the chauffeur when he arrived at the house at 7 a.m., with the morning papers. The couple's two teen-aged children were staying with friends in Pretoria, where they go to school.

● Continuing the inquest into the death of black activist Mr. Steve Biko, counsel for the Biko family, Mr. Sidney Kentridge, questioned the honesty of a government doctor who examined Mr. Biko before his death.

Dr. Benjamin Tucker, chief district surgeon for Port Elizabeth, said he thought Biko's condition satisfactory when he examined him in Port Elizabeth on the afternoon of Sunday, September 11—the day before he died.

The inquest opened on November 14 after Mr. Biko died in police custody. It is continuing.

Bangladesh power

Blaw Knox's transmission lines division of Rochester, Kent, members of the general engineering division of Babcock and Wilcox, has been awarded a £7.4m. contract to supply and install overhead lines and underground cables for the Bangladesh Power Development Board.

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Fukuda to reshuffle cabinet

By Charles Smith TOKYO, Nov. 23.

MR. TAKEO FUKUDA will reshuffle his cabinet next week, according to Japanese Press reports. The reshuffle will be the first since Mr. Fukuda became Prime Minister last January and is expected to focus on the economic posts.

The government's economic policy has been increasingly criticised *in recent weeks as* problems have mounted over the rising yen and the chronic balance of payments surplus.

A cabinet reshuffle could also provide Mr. Fukuda with a convenient excuse for replacing the Agriculture Minister, Mr. Zenko Suzuki, who has been resisting efforts to liberalise the policy on food imports. Mr. Fukuda had to bow to the Agriculture Minister in recent weeks on the question of quotas on imports of meat, oranges and other products.

The reshuffle seems to be the reason for the cancellation at short notice of the *London trip* planned by Foreign Minister, Mr. Iichiro Hatoyama, which was to have included talks with Dr. Owen on Monday and Tuesday next week.

China deal

India and China have concluded new *trade* deals worth about £1.2m., giving fresh stimulus to commercial contracts established about six months ago after a lapse of 16 years. The bulk of the deals involve *export of 20,000 tonnes of* pig iron by the Steel Authority of India while India will import some antimony. K. K. Sharma reports from New Delhi.

Dock stoppage nears end, despite Baltimore strike

BY JOHN WYLES

NEW YORK, Nov. 23.

IE NINE-WEEK strike against ntainer shipping by U.S. East ast dockers is meandering wards an untidy finale, with complete stoppage in the port Baltimore to-day which could, wever, be a preliminary to a sumption of normal working all ports next week.

Although a new three-year ntract for dockers in the six ajor North Atlantic ports was reed ten days ago, the Interna- ial Longshoremen's Associa- m (ILA) has refused to start tification proceedings until subsidiary local settlements have been made in all ports from Maine to Texas.

These have proved more diffi- cult to complete than the ILA president, Mr. Thomas Gleason, anticipated at the time of the master contract agreement, when he forecast a possible return to work by the end of last week.

The full-scale strike at Balti- more is intended to bring the employers there into line with other ports, which have made sufficient concessions on job security programmes and guaranteed annual income schemes to satisfy the union.

The ILA won 30 per cent. pay rises over three years in the master contract. But one of its main concerns has been to press all the east coast ports into agree- ing provisions for guaranteeing the income protection schemes against any shortages due to a decline in shipping movements because of increased use of con- tainers.

But ports outside the six- member Council of North Atlantic Shipping Associations have found it difficult to stomach master contract provisions which would allow the union to termi- nate the agreement on 60-days' notice, if any aspects of it were found to be illegal. This clause is designed to offer some pro- tection against a recurrence of the situation in 1975 when a clause in the previous contract, guaranteeing dockers all "stuff- ing and stripping" work on containers within a 50-mile radius of a port, was found to be illegal.

Despite the problem in Balti- more, and some lesser ones in Philadelphia and New Orleans, the ILA is still optimistic about the prospects for putting the agreements to the vote in the individual ports over the next few days. Mr. Gleason is expected to make a statement later to-day indicating that ratification will either be on Friday or Monday.

Pipe, cigar ban on airliners

By Jurek Martin

WASHINGTON, Nov. 23.

THE U.S. Civil Aeronautics Board has taken a major step towards the banning of smok- ing on commercial airliners, with a prohibition on the use of pipes and cigars, to take effect probably within the next three months, as the first stage.

The CAB voted yesterday to instruct its staff to draw up the necessary order banning pipe and cigar smoking, and to issue a proposed rule pro- hibiting all smoking on U.S. carriers. The latter will re- quire public hearings, a pro- cess that could take a year, but the cigar and pipe issue has already been thrashed out in formal proceedings.

A CAB spokesman said to- day that the staff would prob- ably take less than a month to prepare the pipe and cigar order, which would then take mandatory effect after either a further 30 or 60 days had lapsed.

The Board itself would still have to take a final vote once the order were presented to it. But indications are that the decision yesterday reflects the Board's sentiment on the issue.

If implemented, the ban on pipe and cigar smoking would apply to all U.S. carriers on both domestic and inter- national flights, irrespective of where they originate. It would have to be observed, for ex- ample, on a Pan American ser- vice from London to Berlin, just as it would on a trans- atlantic run.

CHANGING ROLES FOR LATIN AMERICAN TRADE UNIONS

Instruments for human rights

BY HUGH O'SHAUGHNESSY

PRESIDENT Jimmy Carter and trade unions in the U.S. and Europe are beginning a drive for better labour conditions in Latin America. The results of the first push are likely to be seen this week in the resolutions of the executive board of the International Confederation of Free Trade Unions (ICFTU) in Brussels, which is going to have some hard things to say about conditions in the region.

The role of the trade unions in Latin America in the politics and labour relations of the region has often in the past borne a certain similarity to the role of the Bolivian or Paraguayan navies to the continent's defence strategies. The unions, like the navies, certainly exist and have a full complement of officers, but they are not crucial.

The central fact of labour relations in the region is that there is no work for about a third of the work force. The man who does not like his job or wants more money for doing it usually has two options, either lumping it or moving out and making room for one of the queue of job-seekers at the factory gates.

Unions for agricultural workers hardly exist in Latin America, and in the cities and towns where labour has succeeded in getting itself organised the unions are more often than not closely controlled. Strikes are effectively outlawed in Argentina, Brazil, Chile, Uruguay and Paraguay and throughout much of Central America, while in Peru, which was rocked by big stoppages at mid-year, the military government allowed and often encouraged employers to sack labour leaders after the stoppages ended. In Cuba the government sees the unions as agents helping workers to achieve the government's production targets.

In those rare cases where labour leaders look like becoming effective in the way that unions in Britain are effective, governments often resort to the tactic of buying them off. The wealth of corrupt labour leaders in the Peronist era in Argentina was particularly blatant. As a result of all this the number of Latin American union officers who are not in jail or exile, bought or politically compromised is very small.

The number of Latin American trade union officers who are not in jail or exile, bought or politically compromised. is very small. But the Carter Administration's interest is a new element on the scene.

In recent months, however, important new elements have appeared on the Latin American labour scene in the form of renewed interest by the Carter Administration in the unions of the region.

For many years Washington tended to regard the Latin American unions as pawns in the cold war. It sought to control them for the short-term interests of the U.S. and used them as weapons against governments it did not like, from the Arbenz Administration in Guatemala in the 1950s to the Allende Government in Chile in 1973.

The U.S. AFL/CIO, with the encouragement of successive U.S. governments, helped to fund and control the ORIT, the regional organisation of the Brussels-based and Western-orientated ICFTU. The U.S. union confederations also created the American Institute for Free Labour Development (AIFLD) in 1962 as a direct response to the rise of pro-Castro feeling in Latin American unions.

Now, it seems, Washington is doing its best to convert ORIT and the AIFLD from being weapons to be used against Castroism, the left and the perceived foes of the U.S. into instruments of Mr. Carter's human rights initiatives in Latin America. In recent months ORIT, AIFLD and ICFTU delegations have been busy in the region making contacts and quietly encouraging those labour leaders willing to confront authoritarian governments such as those of General Anastasio Somoza in Nicaragua, General Kjell Laugerud in Guatemala, General Augusto Pinochet in Chile and General Alfredo Stroessner in Paraguay.

At the same time as Mr. Carter and his allies are encouraging genuine trade unionists, the ORIT and the ICFTU are beginning a blitz on bogus unions or unions which have become more an arm of repressive regimes than authentic representatives of the work force.

The first fruits of these new policies are likely to emerge from the week's meeting of the executive Board of the ICFTU in Brussels.

Before it disperses to-morrow afternoon the ICFTU is likely to have suspended the Confederacion Paraguaya de Trabajadores (CPT) from membership of the Confederation. The CPT, many in the ICFTU believe, is no more than the creature of the authoritarian Government in Paraguay.

Officials in Brussels are confident that when the ICFTU meets next in full session in 1979 the suspension on the CPT will be turned into an expulsion order. The executive is also likely to approve the granting of more funds to Chilean trade unionists, including the Central Unica de Trabajadores, which has been formally dissolved by the Pinochet Administration.

Study begins on company views of boycott rules

BY DAVID BELL

WASHINGTON, Nov. 23.

IE U.S. Commerce Depart- ent has begun a detailed exam- ation of more than 100 com- ents it has received about the mplex rules which U.S. mpanies must obey as a result the recently passed legislation out the Arab boycott of Israel. The deadline for comments is November 21 and the revised les will go into effect on nuary 18 or 19. Although the tual legislation was passed me months ago, there has been tacit understanding that it will t be rigorously enforced until e rules go into effect.

A Commerce Department okesman said it was hoped the al version of the regulations uld be issued before the date which they are to go into fect. But he noted that most the comments received, deal th very complicated issues and e amount of time available is mited. The whole subject is der the control of Mr. Stanley arcuss, now an undersecretary the Department, who played a y role in drafting the legisla- on while working as an aide to n. Adlai Stevenson.

It is understood that the com- ments received have been wide ranging but have tended to con- centrate on two of the substan- tive prohibitions contained in the the Act. The first requires that U.S. companies do not refuse to deal with other companies because they are on the boycott list. The second involves the Act's insistence that companies provide little "boycott related" information to Arab states.

These are the two regulations expected to have the most effect on companies. Some of their impact may be softened by exceptions embodied in the Bill for instance, the Act allows com- panies to comply with the local laws of a certain country in certain circumstances. The pre- cise definition of these is obviously important.

It is too early to say what the final shape of the rules may be or how they will work in prac- tice. But the Department is advising companies to take the new rules very seriously. "It is important that companies under- stand what all this is about. It is risky to be playing games where a criminal statute is involved," said one senior official.

MARK ROTHKO'S ESTATE

Appeals court decides against executors

BY OUR OWN CORRESPONDENT

WASHINGTON, Nov. 23.

HE NEW YORK State Court of ppeals has finally resolved one f the most controversial and fas- inating cases in the art world by pholding lower courts' orders gainst the executors of the tate of the abstract expres- onist painter, Mr. Mark Rothko, d against the Marlborough Gal- ry and its head, Mr. Frank oyd.

In disposing of a case that has en proceeding for six years, e court found that the three ecutors, close friends of Mr. othko, who committed suicide 1970, had sold his paintings o cheaply and too swiftly to e Marlborough Gallery in a anner that was not in the best terests of the estate.

As a result it assessed damages d fines against the defendants ich amounted to $9.2m. the rlborough Gallery, one of the st influential art dealerships the world, has already repaid e of this sum to Mr. Rothko's ate and has additionally re- ned to the estate 43 Rothko rks it had resold to third par- s. According to the New York te Attorney-General's office, rlborough will still have to $3.8m. to the estate.

Moreover, the appeals court eed with lower court orders oving the three men desig- ed by Mr. Rothko as his execu- from their authority over the te.

wo of these three men were ely associated with Mr. Lloyd the Marlborough Gallery.

Describing the conduct of the executors as "manifestly wrong- ful and indeed shocking," the court of appeals dismissed the contention that there was no con- flict of interest as "sheer fan- tasy."

Mr. Rothko's estate consisted almost entirely of 798 of his paintings. The action, brought on behalf of his daughter who was at the time a minor, con- tended essentially that the executors sold a number of these works to the gallery at riducu- lously low prices: the gallery then resold them at much higher prices, charging a commission of 50 per cent. on the sales.

In 1975, the lower court judge had specifically cancelled con- tracts between the estate and the gallery providing for the lat- ter's purchase of 100 Rothko's at an average price of $18,000 per painting. The judge found that these had been resold at six to 10 times the price the gallery had paid. Mr. Rothko's work cur- rently commands astronomical prices, with the 701 works left in the estate worth many million dollars.

Additional piquancy was added to the case because it involved Mr. Lloyd and his gallery. Mr. Lloyd is a legendary, but inten- sely controversial figure in the art world, exercising influence which his supporters claim is beneficial, especially to aspiring artists, but which his detractors contend amounts to nothing more than exploitation.

Mountie inquiry move

OTTAWA, Nov. 23.

CANADIAN Government tried in court to halt an pendent inquiry into alleged ng activities by the Royal adian Mounted Police MP).

e Solicitor-General, Mr. cis Fox, opened the Govern- t case and asked for the iry by the Keable Commis- set up by the Quebec pro- ial government, to be ended until the case could eard.

e commission has produced ence which, it alleges, shows federal police resorted to al wire-tapping, arson, inter- on of mail, and secret opera- to spy on political parties ected of anti-Government ities.

er

bert Gibbens writes from real: The area off the shore north-east Newfoundland, Labrador and Baffin Island may represent the best hope for Canada of finding big new reserves of conventional oil, according to Imperial Oil (Exxon). Recoverable oil could comprise 3-26bn. barrels. But, even given early exploration suc- cesses, it would be impossible to get the market the oil before the early 199s.

Meanwhile, the federal govern- ment is responding to calls from the oil industry for tax incen- tives for secondary recovery systems which boost production from existing fields. The Finance Minister, M. Jean Chretien, said that the Government is consider- ing incentives, and is recon- sidering the tax treatment for new investment in Western heavy oil and tar sands. The object was to encourage "an adequate search for new sources of supply of oil and gas," he said.

Little progress by Vance

Y DAVID WHITE

RIO DE JANEIRO, Nov. 23.

CYRUS VANCE, U.S. tary of State, left Brasilia Caracas this morning after y's talks which are under- to have made little pro- in patching up the ences between the Carter inistration and the Brazilian e.

th U.S. and Brazilian als said that no rapproach- had been achieved on the ar question, adding that the delegation had brought no ete proposal for substitut- the "sensitive" parts of l's West German-equipped ar programme. Mr. Vance ted the U.S. Government's rn about the dangers of ries like Brazil having ies for reprocessing ar fuel.

formal addresses last night, both Mr. Vance and Sr. Antonio Azeredo da Silveira, the Brazilian Foreign Minister, avoided direct reference to the nuclear issue, but Sr. Silveira mentioned "circumstantial differences" which had arisen between the two countries. These differences also include approaches to human rights questions. At the same time, Sr. Silveira is understood to have expressed his concern about the growth of U.S. protectionist measures.

● Tecneco, an affiliate of the state energy group ENI, has signed a contract with a Venezuelan concern to assist in agricultural planning. Venezolana de Guayana, manages a 50,000-hectare area in Bolivar State.

WORLD TRADE NEWS

Danes urge special duties on Soviet ships

By Hilary Barnes

COPENHAGEN, Nov. 23.

THE Danish Association of Shipowners, and the Shipping Council, which represents the users, have joined forces to appeal to the Government to stop "dumping" by Soviet shipping. The Government is expected to introduce legislation to this effect within the next few weeks.

The Danish regulations will give the Minister of Commerce powers to ban the charter of Soviet ships by Danish shippers and to place special duties on Soviet ships entering Danish ports.

The U.K., Holland and West Germany already have similar legislation.

The chairman of the Association of Shipowners, Mr. T. Woeldike Schmith, said that Soviet ships in some cases were able to undercut Danish shipowners with prices which were half the Danish rates.

Lifts contract

Hymo International AB, an associated company to Hymo-Lift, Northampton, has received an order for several ships' lifts believed to be the biggest scissor lifts ever built. Each lift has a capacity of 65 tons, the company says. The order value is approximately £350,000.

Ferrochrome ruling

The U.S. International Trade Commission (ITC), has ruled that imports of high-carbon ferrochrome are injuring U.S. producers, AP-DJ reports from Washington. Three members of the Commission voted in favour of import restrictions in the form of higher tariff rates and will recommend to the White House that an extra 30 per cent. duty be imposed on the imports in the first year, and then gradually be scaled down in the ensuing four years.

The imports, which come primarily from South Africa, Brazil, Yugoslavia and Japan, last year totalled $70.4m.

Italian iron ore

The EEC Commission has authorised an agreement between 12 Italian companies including Fiat Spa of Turin for the common purchase of prereduced iron ore, Reuter reports from Brussels. The ore will be bought through Consorzio Italiano dei Minerali Peridotti Spa (COIMPRE) which will negotiate common purchase contracts and the eventual setting-up and operation of direct reduction in Italy. The agreement will improve production of high quality steel without allowing obstruction of market competition, the Commission added.

Fiat in Poland

A contract for the construction of a new range of 1.6 to 2-litre cars was signed in Rome yesterday by the Fiat group and the Polish Government car agency Pol-Mot, writes Paul Betts from Rome. The venture is worth some $100m. The new model will be built on Fiat licence. Production is expected to start in 1980.

Setback for French hope of food deficit reduction

BY DAVID CURRY

PARIS, Nov. 23.

HOPES THAT the nine months' deficit of Frs.6.4bn. (£750m.) on France's trade in farm produce and food would be sharply reduced by bulk shipments of cereals and sugar over the remainder of the year have received a sharp setback.

It now seems that heavy imports of fruit after the ruin of much of France's own harvest and the Government's desire to hold down retail prices will outweigh the value of cereal, sugar and drinks sales over the final part of the year, and that the overall trade deficit for 1977 will be close to Frs.75bn. (£880m.), including timber and tropical products and fish.

This is a severe blow to the French trade picture, since normally this country relies on substantial food exports to help counter-balance an oil import bill of around Frs.55bn.

Indeed, at one time planners were talking about encouraging an annual surplus of Frs.20bn. on food trade.

Ironically, in 1977 the food and farm import bill, including forest and tropical products, is likely to be identical to the energy import bill, and exports will be worth only Frs.48bn.

The high level of world commodity prices and a run of extremely bad luck with the weather are partially to blame for the deficit. But these factors cannot disguise the steady decline in France's performance which is partly, at least, caused by the contraction of EEC markets as other European countries move closer to agricultural self-sufficiency.

With this in mind, the Government recently set up a special committee to examine the agro-food industry, with the aim particularly of trying to overcome the problems for exports posed by its extreme fragmentation and the absence of a strong processing sector except in the drinks field, where the biggest and most successful companies in this area are concentrated.

The main deficit items for 1977 will be tropical products, excluding oil-yielding crops, which will be Frs.4bn. in the red, fruit and vegetables at about the same, meat and animals at Frs.3bn., and oils and fodder at Frs. 5.3bn.

The leading surplus generators will be cereals at around Frs.8bn., sugar at Frs.1.9bn., milk products at some Frs.4.4bn., and drinks at around Frs.8bn.

AP-DJ adds from Paris: French coal imports this year are expected to increase by 10.5 per cent. to over 24m. tons from 21.7m. in 1976, according to a forecast published to-day by the Association Technique de l'Industrie Charbonnière, a trade body. Imports from outside the European Community will total 15.9m. tons, with South Africa the largest supplier at 5.5m. tons, followed by Poland at 3m., Australia at 2.2m. and the U.S. at 1.9m. tons. Overall, coal will have accounted for about 20 per cent. of French energy consumption this year.

Nigeria £55m. gunboat order

BY OUR OWN CORRESPONDENT

PARIS, Nov. 23.

NIGERIA has ordered six high-speed patrol boats equipped with missiles from France and Germany. Three vessels will be built at the Cherbourg yard of Constructions Mecaniques de Normandie and three more at the Lurssen shipyard at Vegesac with which the French company has long-standing links, although the two contracts are quite separate.

The French Government has recently started courting the English-speaking countries of black Africa both to widen its political and commercial influence beyond the narrow circle of poor Francophone states and because of French disquiet at the extent of the Soviet Union's activities on the Continent. As a populous country with considerable oil wealth, Nigeria has been one of the focal points of French efforts.

The orders mark France's first significant break-through into Anglophone Africa as an arms supplier. Britain, Holland and the USSR have been the previous main weapons suppliers to Nigeria.

The three gunboats, of 430 tonnes each, are of the Combattante-3 type already supplied to Greece. The order is worth around Frs.500m. (£55m.). The first boat is to be delivered in just under three years and the rest to follow within 10 months.

Principal armament will be French Exocet ship-to-ship missiles, a 76mm Oto-Melara automatic gun and two [illegible] barrelled 30mm [illegible] guns. The vessels to be built in Germany will carry Otomat ship-to-ship missiles developed by the Italian Oto-Melara company and Matra of France. They will be derived from the Bundesmarine's S143 patrol boats.

A fortnight ago, France announced that it would not honour the contract to deliver two escort vessels and two submarines to South Africa in the light of the UN arms embargo, even though 60-70 per cent. of the price of the escort ships had been paid and one of them was already undergoing sea trials under the South African flag.

Although the legal position regarding these vessels is, to say the least, unclear, France's [illegible] decision to comply at [illegible] terms with the [illegible] will certainly have [illegible] her credentials as a supplier [illegible] black Africa.

India power plants for tender

BY K. K. SHARMA

NEW DELHI, Nov. 23.

TENDERS are to be sought worldwide for a number of projects that form part of the Indian Government's decision to add 21,000 megawatts of power generating capacity by 1983 at a cost of rupees 90bn. (about £6bn.). This is double the outlay on new power plants in the past five years.

The decision follows the crippling effects on the economy of recent power cuts and the belief that power availability should act as a catalyst in growth of industrial and agricultural production.

Planning the new capacity has begun. The new plants are mainly thermal, but plans include establishment of new nuclear stations and expansion of existing ones.

India's present installed capacity is 23,700 megawatts, but actual generation is far below this, owing to poor maintenance of the plants. A Cabinet committee has been appointed to devise ways to improve their performance and this has invited West German experts to visit India and make suggestions. Indian experts are also to be sent to West Germany to study power stations there.

Since industry uses 60 per cent. of the power generated in the country, the industrial sector has been the hardest hit by power cuts. Many industries, notably coal, aluminium, cotton yarn and spinning, newsprint, commercial vehicles, cement and jute, have reported severe losses due to power shortages.

The emphasis on rapid power plant development is also due to the Government's wish to ensure that agricultural growth, the [illegible] of its new economic policy, does not suffer. Plans to raise production include minor irrigation schemes which require electricity.

Dutch deficit narrows

THE HAGUE, Nov. 23.

HOLLAND HAD a visible trade deficit of Fls.276m. in September compared with a deficit of Fls.457m. in August and a surplus of Fls 481m. in September, 1976, according to provisional Central Statistics Office figures, Reuter reports.

September imports were Fls.9.30bn. against Fls.8.94bn. in August and Fls.8.66bn. in September last year. Exports were Fls.9.03bn., Fls.8.46bn. and Fls 9.14bn. respectively.

Our Amsterdam staff writes: A rationalisation study, initiated by the Dutch Government for the Dutch heavy equipment construction industry, has recommended the establishment of one single company with State participation.

Four factories of the large Dutch companies, VMF-Stork, Rijn-Schelde-Verolme and Hollandsche Beton group, are to be merged into two remaining factories at Goes and Breda. The four factories produce heavy machinery mainly for the petrochemical industry and employ in all nearly 1,600 people. Nearly 900 people will have to be laid off if the proposal is accepted by the parties involved.

Canada hopes for $200m. Mexican orders

By Robert Gibbens

MONTREAL, Nov. 23.

EXPANSION OF the Mexico City subway may bring more than $200m. in orders for equipment and components to Canadian companies, Mexican commerce secretary Fernando Solana said in Ottawa.

The Federal Export Development Corp (EDC) is expected to make a financing proposal to Mexico and the outline is being discussed during a Mexican ministerial visit to Ottawa.

EEC TEXTILE TALKS

Hong Kong examines its options

BY PHILIP BOWRING IN HONG KONG

Hong Kong's negotiators have returned to the EEC bargaining table after a two-week absence. Against a background of warnings of dire consequences for world trade if the EEC takes too hard a line, a Commission statement says the talks have resumed "without preconditions."

IN DEMANDING that leading development country textile suppliers agree to reduce or freeze their exports to the EEC, the community has made much of the problems of its own textile industry in particular, and its employment problems in general.

Although India's employment and poverty problems are perhaps the greatest of all nations concerned, and Hong Kong's problems are certainly not like India's, the present crisis is probably more important to Hong Kong than any other country in view of its extreme dependence on the textile trade.

The Community is demanding from Hong Kong an approximate 13 per cent. cutback in quota ceilings from 1976 performance levels. In itself, a 13 per cent. reduction would mean an approximate 5 per cent. reduction in Hong Kong's total textile exports. This in turn would mean a direct employment loss of approximately 18,000 people.

For a State with a population of only 4.5m. this would be roughly the equivalent in job loss terms of the whole of the British coal mining industry being closed down. In fact, a reduction in exports to the EEC will be greater than the 13 per cent. demanded. There are two reasons for this.

First, overall quotas are never completely used up as some are allotted in categories for which there is insufficient demand. Thus a 1978 quota based on 1976 actual performance would, normally, be expected to be at the very most 90 per cent. fulfilled.

Secondly, and most important, the EEC has demanded a radical change in the classification scheme to divide the trade into no less than 133 categories as against 21 at present.

As only very limited swing between categories is permitted, the ability to make effective use of total overall quota would be greatly restricted. Without seeing what the EEC has in mind for the individual categories, it is only possible to hazard a guess at what the outcome of this demand might be.

It is regarded here as at least as much a threat in itself as the 13 per cent. cutback, and there are fears of an overall cutback of up to 25 per cent. from 1976 actual levels. This would represent a loss of some 35,000 jobs.

But this is not the end of the danger for Hong Kong. The United States is already saying that if the EEC succeeds in forcing cutbacks on suppliers, it will be forced to follow suit—and presumably tear up the agreement with Hong Kong which it made only two months ago and which provides for nil growth in 1978 but small growth thereafter.

Other countries may well do the same, and the questions being asked are: Is there anything Hong Kong can do about the situation, except fight for its rights under the General Agreement on Tariffs and Trade (GATT)?

There has been considerable anger here at the way it has been suggested by the EEC and specifically by Tran Van Thinh that Hong Kong is not a GATT member and thus has no protection against EEC restrictions against it.

In late 1972 the U.K. (at the time it joined the EEC) made a statement which was circulated to all GATT members reconfirming that as a dependent territory Hong Kong was, through the U.K., subject to all the rights and obligations of the GATT. The current Brussels denial of this statement is regarded here as a breach of faith.

Hong Kong's dependence on textiles is certainly a precarious thing, and is subject to criticism here and abroad. Textiles have continued to account for around 50 per cent.—varying a bit from year to year—of total Hong Kong exports despite several years of trade restrictions. For various reasons Hong Kong has comparative advantage in their production, particularly of mass semi-fashion products.

In a free trade environment, to try to force-feed other industries is frowned upon, but it is not as though other industries have been totally lagging. Hong Kong is also the world's largest toy exporter and is a major producer of watches, and some electronics products, which are also being threatened by protectionism.

Though the Hong Kong government has been making some noises about industrial diversification, there is little it can do apart from make land more readily available, and so attract industries hitherto scared away by the high cost of land.

What Hong Kong can however do to make even greater efforts is to "trade up," increasing the value added of its textile exports while accepting—(very unwillingly) very tight limits on volume.

In fact trading-up has been happening for several years. Hong Kong is not a particularly cheap producer, but its advantage lies more in quick response to market demands, flexibility in production, quality of labour, and innovative ability—not price, where it is some way ahead of Taiwan and South Korea.

Trading-up has been one reason why dependence on textiles in terms of export value has remained as high as it has. Volume growth has been lower than value growth even after adjusting for inflation. The other question is: could Hong Kong better exploit textile categories which are not among the sensitive items detailed by the EEC and thus not so subject to restraint?

The answer to that is basically no. For various technical reasons Hong Kong—like other major suppliers—does not enjoy comparative advantage in all products either relative to EEC producers, to other developing country manufacturers, or to other developing countries. For example, Hong Kong is not a significant supplier of one of the most "sensitive" of all items, cotton yarn.

The EEC is apparently prepared to be generous in certain items simply because it knows that the markets are small.

LEGAL NOTICES

[illegible]

... pany desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

ABRAM FAIRFIELD & CO.,
15/16 New Burlington Street,
London, W1X 2PY.
Tel: 01-734 0034/6.
Solicitors.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 29th day of November 1977.

No. 003658 of 1977

IN THE HIGH COURT OF JUSTICE, Chancery Division, Companies Court. In the matter of WESTWAY ENGINEERING LIMITED and in the matter of the Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 14th day of November 1977 presented to the said Court by Industrial Lift Services Limited of Battlebridge House, Tooley Street, London SE1.

And that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 19th day of December 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

FRIMONDS,
1 Pump Court, Middle Temple,
London EC4Y 7AD.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 16th day of December 1977.

CLUBS

COMPANY NOTICES

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE

CANADA-UNITED KINGDOM FREIGHT CONFERENCE

NOTICE TO SHIPPERS AND CONSIGNEES INLAND RATES/CHARGES IN ENGLAND, SCOTLAND AND WALES

The member lines of the above conferences wish to advise shippers/consignees that consequent upon increases incurred from sources beyond their control the current inland rates applicable when they arrange inland transport at shippers'/consignees' request are no longer compensatory and, accordingly, a complete review of the conference tariff of inland rates has been made and upward adjustments have been agreed to become effective 1st January, 1978, when, in addition to which, the fuel surcharge of 5 per cent. presently applicable will be incorporated in the rates. Details of the revised rates/charges may be obtained from any of the undermentioned member lines.

Atlantic Container Line G.I.E.
Canadian Pacific Steamships Ltd.
Dart Containerline Company Ltd.
Hapeag-Lloyd AG.
Manchester Liners Ltd. } Joint
Golden Cross Line Ltd. } membership
Ernst Russ (Westbound only)

CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD.,
Secretaries.

Cunard Building,
Liverpool, L3 1DS.

November 1977.

FIRST UNION GENERAL INVESTMENT TRUST LIMITED
(Incorporated in the Republic of South Africa)

SPECIAL ORDINARY DIVIDEND No. 33

Further to the declaration of special ordinary dividend No. 33 advertised in the press on Monday, 24th October, 1977, the conversion rate applicable to payments in United Kingdom currency in respect of the abovementioned dividend is £1=R1.563559 equivalent to 3.15744p per share.

The effective rate of South African Non-Resident Shareholders' Tax is 15 per cent.

United Kingdom Transfer Office:
Charter Consolidated Limited,
P.O. Box [illegible],
Charter House,
Park Street,
Ashford, Kent TN24 8EQ.
23rd November, 1977.

IN THE MATTER of THE COMPANIES ACT, 1948 and
IN THE MATTER of BYVITO LIMITED
Registered Office
12, Bedford Row, London, W.C.1.

NOICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948 that a MEETING of the CREDITORS of the above named Company will be held at 33, Clifford's Inn, Fetter Lane, London, EC4A 1AH, on 14th December 1977 at 3.00 p.m. for the purpose mentioned in Section 294 et seq of the said Act.

Dated this 17th day of November 1977
By Order of the Board.
A. D. EDMOND, Director.

NCHANGA CONSOLIDATED COPPER MINES LIMITED
(Incorporated in the Republic of Zambia)

NOTICE TO HOLDERS OF [illegible] PER CENT. AND 5 PER CENT. REDEEMABLE CUMULATIVE PREFERENCE SHARES

PREFERENCE DIVIDEND No. 16 FOR SIX MONTHS ENDING 31st DECEMBER 1977

[illegible] ... ference shareholders who have mandated payment to addresses in the United Kingdom there will also be deducted United Kingdom income tax at the rate of 20 per cent. which allows for double taxation relief at 15 per cent., except where authority has been received from the Inspector of Foreign Dividends to pay without such deductions. In all other cases the United Kingdom tax will be deducted.

The payment of preference dividends is subject to the Zambian Exchange Control Regulations. The terms of the present regulations are such that the remission of dividends is permitted only at the end of the financial year of the Zambian companies declaring such dividends and is subject to the amount being remitted not exceeding 30 per cent. of the proportion of the net profit attributable to the external shareholders or 10 per cent. of the capital of the company attributable to those shareholders, whichever is the lesser. Permission to remit any part of preference dividend No. 16 was accordingly not obtained.

The company's current financial year end is 31st March 1978 and it is therefore expected that remission of preference dividend No. 16 will be after that date.

By order of the Board.
R. L. BWALYA
Manager and Company Secretary
74, Independence Avenue,
Lusaka, Zambia.
23rd November 1977.

UNILEVER LIMITED

NOTICE IS HEREBY GIVEN that the RECORD DATE for the dividend payable on the 23rd December 1977 on the ORDINARY SHARES of the Company is the 9th December 1977 when registration of transfers will be suspended for one day only. Transfers received after the close of business on the 8th December 1977 will be registered ex dividend.

By Order of the Board.
I. D. KEIR,
Secretary.

Port Sunlight,
Wirral, Merseyside.
16th November 1977.

N.B. In accordance with the current procedure of The Stock Exchange, London the 25p Ordinary Shares in Unilever Limited will be quoted ex dividend on the 28th November 1977.

American Shares each representing four 25p Ordinary Shares in Unilever Limited

The arrangements between Irving Trust Company, and the Company for the issue by Irving in New York of Depositary Receipts for American Shares against the deposit with Irving in London of 25p Ordinary Shares in Unilever Limited provide that acceptance of ex dividend shares tendered to Irving in London for deposit on or before the record date fixed by Irving in New York for payment of a dividend on the American Shares shall be deferred until after such record date.

The Record date fixed for the interim dividend for 1977 on the American Shares is the 8th December 1977.

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Classified Advertisement Manager,
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PUBLIC NOTICES

BIRMINGHAM COUNCIL BILLS

The £6m. ninety-one day Bills were issued on Thursday 24th November 1977 with maturity on the 23rd February, 1978. Applications totalled £38m. The minimum price accepted was £98.86. The average rate of discount was 4.565842%. The total Bills outstanding is £1[illegible]m.

هكذا من الأصل

HOME NEWS

Mortgage rate cut is expected soon

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

BUILDING SOCIETIES continue to take in a record volume of funds. in spite of this month's reduction in investors' rates. As a result, another cut in the mortgage rate, seems certain.

Latest returns from the societies suggest that net receipts in November will fall only a little short of October's record £590m., and that the lower rate of interest to investors has had no detrimental effect on inflow

Mr. Norman Griggs, secretary-general of the Building Societies Association, said last night that another cut in the mortgage rate. now 9½ per cent. after three reductions this year, would have to be considered by societies.

"We are in a very buoyant position in terms of funds. and our decision to cut rates from the beginning of November has had no impact on the very large inflow of money which societies have been experiencing."

The societies are likely to decide in mid-December. New rates would then take effect from the New Year.

The mortgage rate might drop from 9½ to as low as 8½ per cent., though fears that interest rates generally may rise could result in a smaller reduction.

The net rate paid to investors would also fall. from its current 6 per cent. to 5¼ or 5½ per cent., a level which the societies believe would still make them competitive.

The position of building societies which did not drop interest rates in early November will be examined in the New Year. Another fall in recommended rates might see them coming back into line with other societies. or they might reduce rates while maintaining a differential over competitors.

One of the societies' principal concerns is the potential effect that a huge and continuing mortgage lending programme could have in raising house prices. a concern shared by the Government.

Short-term interest rate rise forecast

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A RISE in short-term interest rates over the next few weeks to the region of between 7 and 8 per cent. is projected this morning by the London Business School. The present level is 5 per cent.

In the latest monthly analysis of the school's Centre for Economic Forecasting, Mr. Terry Burns and Mr. Alan Budd argue that the delay of nine months in freeing the sterling exchange rate has probably left the Government with serious short-run problems of adjustment. There are likely to be difficult choices in the months ahead between keeping to the money supply limits and allowing interest rates to rise.

Past policy errors will take some time to undo and some over-shooting of this year's targets may simply be the monetary manifestation of earlier exchange rate errors. which cannot be prevented without serious disruption to the economy.

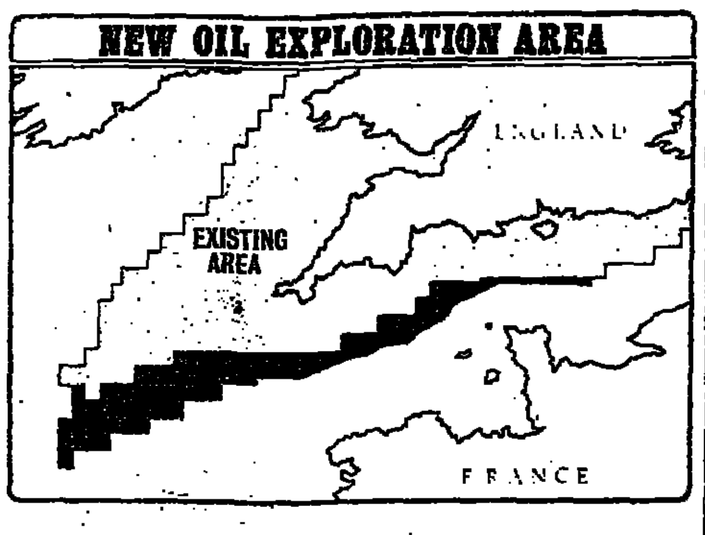
Following the recent mini-budget. total output is expected to grow by 2.1 per cent. in real terms next year. while a current account surplus of £1.6bn is projected for 1978. rising to £3bn. in 1979.

A more pessimistic view of the balance of payments outlook has been produced by a group of economists using the Treasury's computerised macro-economic model of the economy.

The Independent Treasury Economic Model Club (ITEM) argues that the current account could be back in deficit by the end of 1978 on a pessimistic view of world trade prospects (2 per cent. of growth next year). Even on a more optimistic view (9 per cent. growth in line with the Treasury) there will be a deficit by the second half of 1979.

ITEM. which includes economists from 17 business, financial and other organisations and whose results are published in Euromoney magazine. forecasts a rise of total output of between 2 and 3½ per cent. from now until the end of 1979. While this is expected to be more than the balance of payments will stand. it will not be sufficient to prevent unemployment from rising.

English Channel oil blocks designated by Government



BY RAY DAFTER, ENERGY CORRESPONDENT

A NEW OIL exploration area in the English Channel and the Western Approaches has been designated by the Government.

Blocks in the area which are thought to contain promising oil or gas structures are expected to be offered to offshore operators in the sixth round of licences next year.

The newly-designated area, which runs along the centre of the English Channel and Western Approaches, is equal to about 77 blocks.

The move, which follows recent agreement on Britain and France's mid-channel boundary. provides the oil industry with another 20,000 square kilometres of territory to explore.

An international Court of Arbitration fixed the median line between Britain and France on July 18. The Government has approached the court for clarification of the exact line of the boundary in the Western Approaches.

It has protested that a map-making error has fractionally altered the court's description of the line. However, the area newly-designated for oil exploration will not be affected by the outcome of this appeal.

The total area of designated Continental Shelf has now been increased to about 598,902 square kilometres (about 231,000 square miles). The designated areas are available to oil companies holding non-exclusive exploration licences. These permit the companies to search for. but not obtain, oil and gas in blocks not covered by production licences.

Working deal sought over Polish ship order

By Ian Hargreaves, Shipping Correspondent

THERE WILL be mass meetings to-day at Govan Shipbuilders, Clyde and Swan Hunter. Tyneside, at which shipyard workers will decide whether they are prepared to offer assurances about working practices in return for large shares of the £115m. Polish shipbuilding deal.

Mr. Michael Casey and union leaders from the industry continued their tour of yards yesterday and offered contracts to build two 4,400 ton bulk carriers and two floating cranes, worth about £12m., to Robb Caledon of Dundee and two 4,400 tonners to Scott Lithgow on the Clyde.

Workers at Robb Caledon and the Ferguson Brothers yard of Scott Lithgow have been asked to guarantee delivery dates in the same way as Govan and Swan Hunter.

Both companies were confident last night that such assurances would be forthcoming.

At Swan Hunter, which was told on Tuesday that it could have the contract to build seven 16,500 ton ships on condition of a guarantee, there was tough talking yesterday between Mr. George Arnold, Tyne chairman of the Confederation of Shipbuilding and Engineering Unions, and outfitters who are operating an overtime ban.

Mr. Casey told the yard on Tuesday that this disruption must be called off by last night, but he has since extended the deadline to allow a mass meeting of outfitters to vote on the issue to-day.

British Airways may buy new fleet of jets

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS is considering purchase of a fleet of Boeing 737 or McDonnell-Douglas DC-9 short-haul jet airliners to replace its ageing fleet of British-built Tridents and One-Elevens.

The airline is thinking initially of about 20 aircraft in the 100-120-seat category, worth about £100m. But its eventual fleet might be substantially greater, probably about 50.

The early versions of the airline's Tridents and One-Elevens have been in service since the 1960s.

But in addition to their increasing age, these aircraft are coming under environmental pressure because of their noise, and are regarded by British Airways as becoming uneconomic on short-haul routes in Western Europe.

Although various efforts have been made by the manufacturers to get the noise levels of the Tridents and One-Elevens down, British Airways still considers them unlikely to meet the stringent noise regulations of the 1980s.

British Airways may face considerable opposition from Government and aerospace industry at the prospect of its buying foreign aircraft.

At a time when the aerospace industry, nationalised, faces a rundown on the civil side, the prospect of British Airways wanting to buy American jets is bound to be regarded as unpalatable. There could be pressures on the airline to buy more Tridents and One-Elevens.

But the airline remains adamant that it sees no prospect of the Trident's being modernised sufficiently to make it suitable for the 1980s, especially since there is no new British engine available to replace the Spey, which powers both Trident and One-Eleven.

Larger type

This is not the only re-equipment problem facing British Airways. It is interested in the 160 to 200-seater jet to meet another section of its market, and here the British aircraft industry is more likely to be able to meet the airline's requirements.

Britain is discussing with France and West Germany a plan for an airliner of this large type for the 1980s, and the airline is in contact with manufacturers on the subject.

Airline officials said yesterday that they were very gratified with the public response to the start of Concorde supersonic services between London and New York.

Call for airports policy inquiry

BY DAVID FREUD, INDUSTRIAL STAFF

AN INVESTIGATION into airports policy by the Commons Expenditure Committee was called for yesterday by the Association of British Chambers of Commerce

The association said Government delays were hampering the economic development of the regions, particularly in northern and central England.

In a policy document the role of the British Airports Authority was fiercely criticised. "As long as it acts as largest owner/operator and principal adviser to the Government on airports policy, it is likely to advocate policies which suit its interests, but not necessarily the national interest."

The feasibility of handing over Heathrow and Gatwick airports from the authority to two consortia of local authorities should be examined, the association said. This would enable the profit from successful and potentially successful airports to go to those communities which suffered the worst inconvenience.

Mr. Norman Hill, chairman of the association's air transport committee, said the request for an investigation by the Trade and Industry subcommittee of the Expenditure Committee had been made "because of the grave concern in industry and commerce at the continuing [illegible] decision."

The association represents the interests of its 89 member chambers, which claim to have in membership about half the active commercial and industrial companies in the U.K.

Mr. Hill said the White Paper which had been promised earlier this year still had not been published, and even if it appeared at the end of the year it would still be too late.

The worst effect of the delay had been at Manchester, where development of the airport had been halted until the White Paper was published.

Another consequence of the delay in publishing the White Paper was that changes proposed in the Scotland Bill for the BAA and the Civil Aviation Authority would be debated in ignorance of the Government's overall intentions.

Other demands by the association were for rapid provision of full European services for the regions and for properly integrated road and rail access to airports.

Second post 'should stay'

Most businessmen wish to see the second letter delivery retained, according to a survey by the Mail Users' Association.

Fewer motorbikes

The number of motor-cycles over 50 cc registered in October at 14,452 was down on the 1976 figure of 15,206, according to the Department of Transport.

Tourist cover

Tourists are to get more protection next year over hotel prices. An Order in Council, published yesterday, requires hotels to show maximum and minimum prices for overnight or short stays.

Private interest

More private than public money has been invested in the Peterborough New Town expansion programme, according to officials of the Peterborough Development Corporation.

Tax case

A judge yesterday reserved his decision on the Inland Revenue's High Court claim that TV personality David Frost owes them more than £174,000 back income tax.

New Renault

Renault to-day introduces the 20TS using the jointly developed two-litre engine from the Renault-Peugeot-Volvo plant at Douvrin.

Devolution 'economic nonsense'

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE CONFEDERATION of British Industry will launch a campaign to put over the message that "devolution is a piece of industrial and economic nonsense."

This decision was taken yesterday after the devolution issue produced unexpected heat at a CBI council meeting. CBI members are particularly concerned because they feel the cost of devolution will fall on industry.

Lord Watkinson, president of the confederation, said last night that the council had ruled out any possibility of getting changes made to the devolution Bills which are being considered by Parliament.

But it is hoped that a concerted campaign, not only by industrialists in Scotland and Wales but backed by English companies, would influence the devolution referenda.

"We must put over the message that devolution will do nothing for the ordinary man or woman, it is a non-event, or as I prefer to describe it, a nonsense."

Some council members had said their companies were reconsidering the formation of subsidiaries in Scotland or Wales, because of the way circumstances in those countries might change.

Pay questions also brought some steam to the CBI's discussions yesterday. Some council members are still smarting about the allegations that some companies are taking the easy way out and implementing "phoney" productivity deals.

The industrialists present insisted that all the known productivity deals had been made in the hope that the employers would get a reasonable return for the extra pay. "Of course, only time will tell how reasonable that return will be."

"The Government seems determined to stand firm on the firemen's strike and it is our interest to support that stand." Lord Watkinson told the council.

More development funds sought for Scotland

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE £300m. allocated to the Scottish Development Agency when it was formed in 1975 would clearly be inadequate for the task of regenerating the Scottish economy.

This was stated in Glasgow yesterday by Sir William Gray, the agency's chairman, when he presented the report for its first full year, covering the 12 months to March 31, 1977

It was generally understood the five years would be the limit during which the resources would be made available.

"With the scale of our acceleration quite clearly continuing," Sir William stated, "we will certainly need further funds before the five years are up."

He gave notice that the agency would like to have some of the income from North Sea oil. "North Sea oil revenues will be a good source. We can think of no better use to which they could be put."

By last March the agency had invested £6.6m. in 15 companies, owned 573 factories on 145 estates and sites; had 93 factories committed or under construction, and sanctioned 250 land-renewal schemes at a cost of £14.4m.

Scottish Development Agency Report 77, 120, Bothwell Street, Glasgow G2. £1.

Perkins plans £7m. machine tool purchase

By Lynton McLain, Industrial Staff

PERKINS Engines will spend £7.6m. in the next year replacing machine tools at its Peterborough works. This consolidates an expansion programme started three years ago. Orders for the machines will be placed in the new year.

An additional £2m. will be spent on improving diesel engine production and on new buildings.

Owen sets up advice panel on nuclear proliferation

BY DAVID FISHLOCK, SCIENCE EDITOR

DR. DAVID OWEN, the Foreign Secretary, has set up a panel of advisers to help with questions of nuclear proliferation arising from Britain's exports in the nuclear field.

Government decisions in the next few weeks are expected to launch a fresh British drive to export nuclear services, such as spent-fuel reprocessing, and nuclear reactor technology.

The panel of 11 advisers includes Sir John Hill, the Government's chief nuclear adviser, Dr. Ned Franklin, chief executive of the Nuclear Power Company, Sir Brian Flowers, rector of Imperial College, London, and four MPs.

At its first meeting yesterday, under the chairmanship of Lord Goronwy-Roberts, Minister of State at the Foreign Office, the panel was joined by senior officials from the Foreign Office, the Department of Energy and Defence and the Cabinet Office.

Britain and the U.S. are launching a fresh initiative to persuade India to sign the Non-Proliferation Treaty or, failing that, to accept "full-scope safeguards" on its entire nuclear programme. The Indians have never admitted international inspectors into their reprocessing plant at Trombay, where plutonium was separated for the Indian nuclear explosion in May 1974.

Mr. Callaghan and President Carter have non-proliferation high on their agendas for separate visits to Delhi early in the New Year.

● NEWS ANALYSIS—TESCO

Results show success of price cuts

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

SINCE giving up trading stamps at the beginning of June, Tesco's sales have leaped by over 40 per cent. This is far more than the 30 per cent. increase the management was forecasting, but about what other supermarket competitors were expecting.

The increase, shown in the group's report published yesterday, is unprecedented in the development of supermarkets and suggests that Tesco was right in assuming that in lean times, customers are more interested in price cuts than trading stamps.

What the figures do not show is where the extra trade has come from and how long Tesco will be able to maintain the offensive.

For the 24 weeks to August 13, Tesco's sales were just under 27 per cent. higher than in the same period last year—a rise only slightly larger than that reported by Tesco's nearest rival in the supermarket big-league, Sainsbury. But within this 24-week period are 14 weeks when cash sales were only 14.5 per cent. up on the same weeks in 1976.

Since June 9, when the stamps gave way to the heavily promoted price cuts, turnover seems to have been about 23 per cent. higher than in the same period last year. In the 10 weeks of non-stamp trading covered by yesterday's results, cash sales were 43.64 per cent. up on the same period last year. In the third quarter, this increase has been reduced to just under 40 per cent.

This slight slow-down is partly due to the problems it has had in getting adequate supplies over the last few months — coffee, where Tesco, revelling in its new-found title of the housewife's friend, refused to take supplies of high-priced stock, is an obvious example — and partly because the rate of inflation on fresh foods has been far lower than this time last year.

The increase has not been spread evenly across the range. Sales of groceries have increased more than those of non-foods, which seem to have been between 20 and 30 per cent. up on last year. Tesco needs higher margins on non-foods to compensate for the very low margins on foods.

Nevertheless, Tesco's net margins have not taken quite the tumble that some of its competitors were expecting in the light of the management's declared policy of giving first priority to volume and second to profits. Tesco's gross margins have dropped by between 4 and 5 points — a much bigger reduction than the amount saved by not giving stamps. Net margins for the 24-week period to August 13 have dropped from 3.2 per cent. last year to 2.6 per cent., or nearer 2.4 per cent. when advertising launch costs are taken into account.

Even so, some of Tesco's competitors are comforting themselves with the thought that Tesco will not be able to keep up the pressure on prices much longer.

They say that just as the U.S. supermarket chain A and P could not cope with the extra volume when it dropped stamps, Tesco's operation is not geared to this level of sales. Stores staff costs, they say, must start rising in relation to sales from the 5.7 per cent. or so they have been cut to since June. The high cost of operating some of its smaller shops must also begin to tell.

Tesco says that it might close some of its smaller shops next year and that it is having to make an investment in distribution facilities to cope with the demand. But it denies that it will have to ease the pressure on prices. Indeed, it is looking for an additional 10 per cent. increase in volume next summer when the results will have to be compared with this year's very high summer sales.

If Tesco does keep up the pressure it will be bad news for other supermarkets. While nobody admits to having lost sales to Tesco, it is obvious that someone has lost, as the total grocery market is still down on last year.

What statistics there are suggest that, at least in the field of branded groceries, most of the big groups have lost out in proportion to their size, with Tesco's share rising from about [illegible] per cent. to more than 11 per cent. The Co-op, which has the biggest slice of the grocery market, showed some of the biggest losses immediately after the [illegible] switch. The Co-op now seems to have pulled back a bit as has some of the Northern-based discount groups such as Asda. But some of the national groups are still feeling the pinch.

Even if nobody wants to admit losing sales to Tesco, most supermarket groups concede that Tesco's new pricing strategy, which has taken it from about 15th on the price league almost to the top, is taking its toll on profits.

Gross margins throughout the trade are thought to have fallen by at least a point since June as other supermarkets have responded with price cuts, but both Sainsbury and Associated British Food, which runs the Fine Fare supermarkets, have given a warning about pressure on margins over the next few months. The fall in Wheatsheaf's profits provided the most graphic illustration yet of the effects of competition in the market.

Construction orders rise but trend still gloomy

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE RECENT decline in the level of new orders for construction work in Great Britain was reversed in September, according to provisional figures from the Department of the Environment.

The overall picture remains gloomy, however, and ordering levels remain below the levels achieved earlier this year and in the same period last year.

According to the department, new work worth £689m. was signed up in September against £605m. in August. The peak for orders was in June when contractors took on £705m. worth of new work.

Public

The department pointed out that when expressed in constant prices, new orders obtained in the third quarter of this year were 3 per cent. down on both the previous three months and the third quarter of last year.

New orders in the public housing sector fell to £82m. in September from £101m. in August. For the third quarter as a whole, orders in this sector were 8 per cent. down on the previous three months and 21 per cent. below the value of contracts recorded in the third quarter last year.

The value of private housing contracts taken on in September rose to £156m. from £120m. in August. The figure was the *highest since June. Private housing orders in the third quarter* were 3 per cent. up on the preceding three months, although they remained 1 per cent. below the third quarter of last year.

Public works new orders in the third quarter were 7 per cent. up on the previous quarter but 2 per cent. below the third quarter of last year. At the same time orders for private industrial work were 15 per cent. down on the previous quarter, but the improvement over work levels of a year ago was maintained, with new contracts worth 23 per cent. more than 12 months before.

Private commercial orders in the third quarter, however, were 9 per cent. down on the previous three months and 8 per cent. below the level achieved a year earlier.

Other figures from the Department of the Environment show brick production in Great Britain reached 432m. in October, against 459m. in September and 477m. a year earlier. In the period August to October output was 2 per cent. down on the preceding quarter and 11 per cent. below the same quarter last year.

Cement

Brick deliveries in October fell to 431m. from 448m. in September and 453m. in October last year. Between August and October deliveries were 1 per cent. lower than in the earlier quarter and 11 per cent. down on the same period of last year.

Cement deliveries in the U.K. averaged 309,000 tonnes a week in October against 289,000 tonnes *both in September and in October* last year. Production rose from 310,000 tonnes a week in September to 328,000 tonnes in October. In October last year weekly output averaged 299,000 tonnes.

Hope for moderate machine tool boost

INDUSTRIALISTS were urged *last night to take a new look* at their machine-tool purchasing programmes so as not to be caught out by "rapidly lengthening delivery times."

Mr. Bill Vaughan, president of the Machine Tool Trades Association, pointed out at the annual dinner in London to the results of a recent study by the Henley Centre for Forecasting on behalf of the association.

This showed that the next peak in U.K. demand for *machine-tools would arrive in* 1978. This is not expected to be such a severe jump in demand as in previous cycles.

Mr. Vaughan said: "All the signs point to a moderate resurgence over the next 20 months or so which should take up a great deal of the slack capacity we are at present faced with."

He warned machine-tool users: "Be ready in good time for the upsurge."

Machine-tool manufacturers realised that decisions on new investment and whether it was justified depended on current experience.

"At times we see abortive overmanning of our equipment which must be corrected. The need for the efficient application of new technology and the short-term acceptance of technological unemployment as distinct from the present deplorable recessional unemployment, is essential.

"It is something that Government, trade unions, and management have to face and accept if our nation's industry can ever hope to be strongly competitive in world markets and thus win more than its present share of world trade.

"This action will, in the long term, grapple with our unemployment problem, go a long way towards correcting our low productivity, and improve our national gross product in real terms."

FINANCIAL TIMES Price Policy CONFERENCE

Commission plans to use its 'muscle' over inefficiency

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE PRICE COMMISSION would never investigate a price increase purely because a company had broken the Government's pay guidelines, the Commission's chairman, Mr. Charles Williams, promised yesterday.

Speaking at a Financial Times conference on price policy and the role of the Price Commission, Mr. Williams said that the commission had no desire to become a surrogate pay Board and would tread carefully in the whole field of industrial relations.

Another speaker, Mr. Tom Jackson, general secretary of the Union of Post Office Workers, urged restraint on both prices and pay. Companies with money to spare, he said, would do better to cut their prices than break the Government's pay guidelines and increase their wages by more than 10 per cent.

Opening the conference Mr. Wililams said that wage settlements were just one of the factors the commission had to consider when deciding whether to carry out a full-scale investigation into a proposed price increase under the new system of price controls which came into effect in August. But pay was not the most important factor.

"I may be sticking my neck out but I don't think the commission would ever investigate a company's prices just because it had increased its wages by *more than 10 per cent*," *he said.*

Ceilings

The only situation in which the question of pay automatically came within the remit of price controls was in relation to the 12-month rule. Companies which settled within 12 months of their last wage settlement automatically had their profit ceilings reduced by the amount of the offending settlement.

Throughout his speech, Mr. Williams stressed that the commission was far more interested in industrial efficiency than in short-term measures to control prices. But in answer to a question he said that the commision was not going to get deeply involved—at least in public—in the sensitive area of manning levels and labour relations.

He did not think the commission would wish to damage industrial relations in a company. It would be almost impossible to give anything more than advice on this very sensitive question, and such advice would usually be given in private.

The commission would not block a price increase because it believed the workforce was being used inefficiently, though it might suggest to the company *that certain things might be done* to improve productivity and that these measures ought to be taken before the company applied for another price increase.

Mr. Williams said, however, that the commission's members all agreed that their power to control prices should be used as an instrument for compelling companies to become more efficient.

Independent

The commission would always act as an independent body, without any political motivation. It would not be dictated to by Government.

Mr. Jackson said that employers with money to spare would do better to channel it into price reductions than breach the Government's pay guidelines.

He was incredulous at reports about employers who—but for the wage guidelines agreed by the Government and the TUC—were falling over backwards to pay their workers more.

In his experience employers who were anxious to give wage increases were a "fairly rare phenomenon." But if they did exist, he recommended that they should listen to the Confederation of British Industry on the *wage increase front and concentrate* their efforts on price reductions.

Mr. Michael Shanks, new chairman of the Government-financed National Consumer Council, endorsed Mr. Jackson's view that the public had become sceptical about the effectiveness of price controls.

The new powers granted to the Price Commission this summer had finally put the consumer movement on the spot, he said. The appointment of consumer representatives on the newly-formed commission had given consumers a unique opportunity to articulate their demands for products of reasonable quality at stable prices.

Mr. Cecil Parkinson, Opposition front bench spokesman on trade, also queried the commission's credibility in the eyes of the public. It was now common *ground that an economic strategy* which produced a stable pound and an expanding economy, coupled with vigorous competition policy, was the best prices policy the country could have.

Even Government Ministers, he said, gave the impression that they doubted the value of price controls.

It was too early to say whether the new Price Commission was having any effect on prices, "yet the extraordinary thing is that if one argues whether, in these circumstances, the commission is worth retaining, one is immediately accused of being in favour of higher prices."

Mr. Parkinson said that rather than setting up another body in the field of competition, it would be better to use the existing expertise of the Monopolies Commission and the Office of Fair Trading as the basis of a new competition policy.

Speaking at the same conference, at which the chairman was Sir Frank Figgures, the former director-general of the National Economic Development Office, Mr. David Hodgson, a director of PA International Management Consultants, said that although there was some justification for saying that pricing policy contributed to management efficiency, for industry as a whole it did not.

Mr. David Rae Smith, a senior partner in Deloitte and Co., argued that the radical change of prices policy introduced in August had greatly increased the amount of financial information a business might need to give the commission.

In general, the changes in the legislation—which had been outlined to the conference by Mr. Norman Godfrey, Under-Secretary at the Price Commission—*had increased the accountancy* profession's role in providing advice and services on these matters, Mr. Rae Smith said.

Lombard, Page 2

Racal forms subsidiary to handle test equipment

BY MAX WILKINSON

RACAL, the electronics group which specialises in military radio equipment, has formed a subsidiary for automatic test equipment.

The new company, Racal Automation, starts with an order book worth more than £2m. for its range of computer aided fault finding equipment and related products.

Mr. Oliver Prenn, deputy chairman of Racal, becomes chairman of the subsidiary. Mr. John Engledew is to be the managing director.

Mr. Engledew said Racal had been developing its own test equipment for some years because there was no suitable automatic system on the market.

The Racal systems made great use of modern microprocessor technology and were the result of a "totally new approach to automatic testing," he said.

"*On the commercial front* we have already achieved significant contracts, notably from Pye and Plessey, and are in negotiation with a number of major U.K. and European manufacturers of electronic equipment," he said.

McIntosh appointed Warburg director

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

SIR RONALD McINTOSH, who relinquishes the director-generalship of the National Economic Development Office at the end of next month, is to become an executive director of S. G. Warburg, the merchant bank.

This will be a virtually full-time appointment although Sir Ronald is also to become a non-executive director of a major company, believed to be Fisons, from the beginning of January.

The Warburg appointment was announced by the merchant bank last night and brings to a head the Government's problem in finding a successor to Sir Ronald who, at the age of 58, is moving after 4½ years in the job.

The problem stems from the firm preference of some Ministers, including, it is believed the Prime Minister, and union leaders, for an industrialist rather than a civil servant to take the post.

Civil servants

Sir Ronald and his predecessor, Sir Frank Figgures, were civil servants.

The delays this problem is causing became known last week and now a new search for an industrialist has begun, although no likely candidates have yet emerged.

As a result, unless a civil servant is eventually appointed to the £18,675 a year job, there may not be a successor ready to take over when Sir Ronald leaves on December 31.

He has to go on that day because his non-executive directorship starts on January 1. This means that a caretaker director-general may be appointed to fill the gap.

Several

Sir Ronald will be one of several executive directors at Warburg where he will start work early *in February after* a holiday. The job will take about four days a week and he will be involved in the bank's corporate advice work and its widespread international business, especially in North America where he has developed contacts in the past.

Lord (formerly Sir Eric) Roll, the bank's chairman, is a former civil servant and Sir Ronald worked with him at the then *Department of Economic* Affairs in the mid-1960s. The two men have also worked together at the NEDO where Lord Roll became the first chairman of the National Economic Development Council committee on finance for investment which was set up at the end of 1975.

Rent reforms urged

A RADICAL reform of private and public rents legislation for Scotland was urged yesterday by the Scottish consumer council.

The present "incomprehensible" system of different types of tenancies should be got rid of and a new Rent Act created to produce a simpler system, the council said.

Councils call for speedier grants

By David Churchill

SMALL BUSINESSES in regional development areas face a cash-flow crisis because of a Government decision to impose a three-month delay on payment of special grants as an economy measure, it was stated yesterday.

The Association of Metropolitan Authorities, representing certain urban councils in assisted areas, will seek an urgent meeting with Government officials to get grant payments speeded.

Miss Shelagh Roberts, chairman of the association's planning and transport *committee*, said that the effect of the delay on some small businesses with a minimal cash flow was critical.

The Government's delay in regional development grant payments starting in April was part of last year's general cut in public spending.

In the last financial year grants totalling almost £408m. were paid by the Department of Industry for companies installing new plant or machinery or building new premises in assisted areas in the North of England and Wales. About a fifth of these costs are met by the grant.

New crawler tractor for show

By Christopher Dunn

AVELING MARSHALL, the tractor maker rescued two years ago by British Leyland and subsequently turned round, is launching a new version of its agricultural crawler tractor at the Royal Smithfield Show.

The main feature of the new machine, which costs £13,000, is a three-point hydraulic linkage system, offered as an option, which enables the tractor to use heavy duty powered farm machinery. The track running gear has been improved and the six-cylinder engine is an improvement on the power in the original model, which is now eight years old.

The launch of the revamped tractor coincides with a surge of competition in the crawler tractor market. About 500 are sold every year in the U.K.

Aveling Marshall accounts for 49 per cent. with Fiat as its nearest rival (34 per cent.) followed by Caterpillar, the U.S. concern, 16 per cent. New entrants to the market include the Russians and Lamborghini.

The company was scheduled *for closure two years ago when* it belonged to Thomas W. Ward. It is now forecasting profit of £1.2m. this year on sales of £12.5m.

APPOINTMENTS

Chairman change at Powell Duffryn

Mr. C. S. Aston has been appointed a director and a deputy-*chairman of POWELL DUFFRYN from December 1.* It is the intention that he will succeed Sir Alec Ogilvie as chairman when the latter retires at the annual meet*ing in July 1978* on reaching normal retirement age. Mr. Aston *will remain a director of* Ready Mixed Concrete and of Rolls-Royce Motors.

★

Mr. F. D. Longmire has been appointed deputy general manager (staff), BARCLAYS BANK INTERNATIONAL, head office, to succeed Mr. R. R. Everett, who will be retiring due to ill health. Mr. Longmire will take up his new appointment in due course on his return to the U.K. from Jamaica.

★

Mr. T. W. Scott has been appointed a director of LLOYDS BANK INTERNATIONAL from January 1, and will assume responsibility for its Far Eastern division. Mr. Scott is currently chief manager of the Bank's European division.

★

Mr. M. T. J. Wallis, an assistant general manager, Midland Bank, and Mr. B. R. Hosh, executive *director of Griffin Factors, have* been appointed directors of MIDLAND BANK FINANCE CORPORATION, the holding and management company within Midland Bank Group responsible for such related activities as instalment credit, leasing and factoring.

★

Mr. Rad Pursey, latterly merchandise director, Green Shield, has been appointed managing director of PERFORMANCE AWARDS, *one of the companies* in the Green Shield group.

★

Mr. A. C. Colthorpe has ceased to be managing director of W. TYZACK SONS AND TURNER. Mr. E. Bridgeman and Mr. R. J. Parkes, formerly financial and works director respectively, have been appointed joint managing directors of the company. Mr. W. Szablewski will continue as technical director and will act as deputy-chairman.

★

NORTHERN ENGINEERING INDUSTRIES has announced the following appointments to the Boards of Clarke Chapman and Reyrolle Parsons, which, following the recent merger, are now wholly-owned subsidiaries of NEI. Clarke Chapman: Mr. J. G. Anderson, Mr. J. R. Baker, Mr. R. J. Cattle, Mr. J. J. Harkness, Mr. D. A. James, Mr. J. W. Nicholson and Mr. J. B. Symmons. Reyrolle Parsons: Mr. F. L. Hamilton, Dr. R. Hawley, Mr. A. D. Nicol, Mr. *N. C. Parsons and Mr G. B. Tully.* These Board appointments are additional to the existing managerial responsibilities of the directors concerned.

★

Mr. John Cuckney, chairman of the Port of London Authority, has been co-opted to membership of the DOCKLAND JOINT COMMITTEE, on the nomination of Mr. Peter Shore, Environment Secretary.

PARLIAMENT and POLITICS

Peers attack Think Tank ideas on U.K. diplomacy

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE CONTROVERSIAL Think Tank report on Britain's overseas representation came under massive attack from all sides in the House of Lords last night—the first time Parliament has been able to debate the review since it was published in the summer.

The proposal that the Diplomatic Service should be absorbed into a new multi-departmental foreign service group partially under the Home Civil Service came in for particularly harsh criticism.

But peers were also strongly opposed to the recommendations for a cutback in the overseas activities of the British Council and the external services of the BBC.

The scale of hostility to the

LORD SHACKLETON

recommendations of the Central Policy Review Staff was shown by the fact that 37 peers wanted to speak in the debate, the longest list for a long time.

Critics included Lord Ballantrae, a cross-bencher and former chairman of the British Council, who initiated the debate.

He was backed by Viscount Eccles, former Minister for the Arts, speaking from the Conservative front bench, and by Labour peer, Lord Shackleton, former Leader of the Lords and at one time the Minister responsible for the Civil Service.

Lord Ballantrae told the House: "To implement the recommendations would be to throw good money after bad for bad reasons."

He claimed that the spirit of defeatism ran throughout the review. It was particularly evident in the statement that the U.K.'s ability to influence world events had diminished and that there was little that diplomatic activity could do to disguise the fact.

As chairman of the British Council, he had visited 36 countries and had found that Britain's diplomatic service at all levels was marvellously up to date.

In all, 27 recommendations had been made about the British Council, including one for its abolition. Of the remainder, nine were already Council policy, while 12 were rejected by the Council as totally inconsistent. It had, however, said that it would have another look at five of the recommendations.

For the Tories, Lord Eccles declared: "There is no doubt where the leadership must be placed—in the Foreign and Commonwealth Secretary and in our ambassadors overseas.

He was highly critical of the members of the Central Policy Review Staff, who had made the report, and referred to them as "the tankers."

Lord Eccles added: "These are the experts who work in the Cabinet Office." They cannot stomach the idea that the Foreign and Commonwealth Office should be in a superior position to them.

"In the tankers' view, there is no one above the experts who should not be pulled down, and no one below them who is worth consulting."

He maintained that the "tankers" were not consistent in their views, and had flavoured the report with "egalitarian garlic." They seemed to have relegated Britain to the Second Division without any hope of promotion. Their motto was "Dinner jackets out—jeans in."

Lord Eccles warned that the main danger was that, as a result of the report, the Government would settle for an unsuitable compromise where the ambassador still appeared to be in charge, "but only with a Mini Minor and a glass of beer."

He advised: "Put your money on the Foreign and Commonwealth Office. Give it fresh strength and power to act as manager at home and captain in the field. That is the only practical answer."

Lord Shackleton, a member of the British Overseas Trade Board, said that he had only ever read one worse report, and that was the Bullock Report.

He said exporters wanted to get across the message: "Please don't damage the excellent service we get from our posts overseas." The maddest proposal of all was the integration of the home Civil Service and the Diplomatic Service.

Lord Shackleton commented, "I cannot believe that this proposition is even a starter."

REPORT PROPOSED OVERSEAS CUTBACK

The report was carried out by Sir Kenneth Berrill, head of the CPRS, and members of its staff. It was published last August after 15 months research.

A big reduction in British diplomatic staffing and properties overseas with the closure of at least 55 diplomatic posts was proposed. The 442 page document also advocated a new emphasis on overseas trade promotion.

There was a suggestion that the British Council should be abolished and its functions transferred to the Ministry of Overseas Development and the Department of Education. Alternatively, it could be retained and the work of smaller agencies transferred to it.

The review recommended a radical look at the patterns of the BBC external services and suggested that news to non-Communist European countries should have a low priority.

U.K. ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output, engineering orders, retail sales volume (1970=100); retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1976							
4th qtr.	103.2	104.8	106	108.5	211.9	na	na
1977							
1st qtr.	103.5	105.6	108	105.0	217.1	1,330	na
2nd qtr.	102.2	103.1	103	103.9	221.5	1,330	163
3rd qtr.	102.4	103.1		106.8	235.7	1,418	151
June	100.3	100.3	101	103.8	223.2	1,353	158
July	102.4	103.6	99	107.0	232.8	1,394	153
Aug.	102.7	103.2		107.2	237.6	1,414	154
Sept.	102.0	102.6		106.2	236.6	1,446	145
Oct.				106.0		1,433	153
Nov.						1,433	156

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1970=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1976							
4th qtr	115.3	99.0	104.4	100.3	85.1	103.6	20.8
1977							
1st qtr.	115.8	100.4	106.3	101.2	84.2	105.1	19.9
2nd qtr.	112.3	99.9	104.9	100.5	80.7	98.5	22.4
3rd qtr.	114.0	99.1	103.8	99.8	87.2	101.8	24.4
June	110.0	98.0	103.0	98.0	75.0	96.0	22.3
July	114.0	99.0	104.0	100.0	87.0	102.0	24.4
Aug.	114.0	99.0	105.0	100.0	79.0	101.0	20.4
Sept.	114.0	99.0	103.0	99.0	84.0	102.0	28.4

EXTERNAL TRADE—Indices of export and import volume (1970=100); visible balance; current balance; oil balance; terms of trade (1970=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1976							
4th qtr.	141.5	138.2	−982	−414	−1,002	79.1	4.13
1977							
1st qtr.	141.2	142.3	−962	−161	−816	80.4	9.62
2nd qtr.	149.3	144.4	−733	−241	−725	80.1	10.5
3rd qtr.	153.4	141.6	− 29	+496	−586	82.0	14.9
June	152.5	151.2	−310	−146	−197	80.2	11.57
July	153.3	149.0	−231	− 56	−199	80.1	13.4
Aug.	150.2	131.5	+122	+297	−183	82.4	14.9
Sept.	156.6	144.3	+ 80	+255	−204	83.4	17.17
Oct.	149.4	141.1	+ 31	+206	−231	84.0	20.21

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m.); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m.	BS inflow	HP lending	MLR %
1976							
4th qtr.	3.9	8.8	14.4	1,417	152	327	14½
1977							
1st qtr.	− 3.6	−10.2	3.3	−1,882	492	339	10½
2nd qtr.	16.8	15.3	5.6	809	1,290	352	8
3rd qtr.	34.4	14.8	22.8	−236	1,054	394	7
June	25.5	17.0	5.6	707	304	350	8
July	19.5	12.0	23.2	−293	320	363	8
Aug.	22.0	9.4	24.0	−69	302	417	7
Sept.	34.4	14.8	22.8	126	462	402	6
Oct.	35.8	17.5	24.8	299	590		5

INFLATION—Indices of earnings (Jan. 1976=100), basic materials and fuels, wholesale prices of manufactured products (1970=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade-weighted value of sterling (Dec. 1971=100).

	Earnings	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1976							
4th qtr.	109.9	329.9	233.9	165.8	172.7	250.8	59.6
1977							
1st qtr.	112.5	341.5	248.0	174.1	184.7	276.4	61.8
2nd qtr.	114.5	347.8	259.0	181.9	191.1	250.0	61.6
3rd qtr.	116.1	341.1	267.7	184.7	192.1	239.9	61.8
June	115.4	345.2	262.4	183.6	193.7	250.0	61.5
July	116.2	344.6	265.8	183.8	192.0	243.2	61.0
Aug.	115.7	339.5	268.0	184.7	191.9	239.9	62.0
Sept.	116.5	339.1	269.2	183.7	192.5	241.6	62.4
Oct.		334.4	270.9	186.5	192.3	236.38	64.6

* Not seasonally adjusted.

Assembly elections by PR rejected

By Ivor Owen, Parliamentary Staff

AN ATTEMPT to make the added-member system of proportional representation the basis for the first election to the proposed Scottish Assembly was crushingly defeated in the Commons last night.

In a free vote—on the second day of the guillotined committee stage of the Scotland Bill—a proportional representation amendment was defeated, for 290 votes to 107, a majority of 183.

Government and Opposition leaders joined in voting against the amendment, which was sponsored by Mr. John Mackintosh (Lab., Berwick and East Lothian), Mr. Malcolm Rifkind (C., Pentlands) and Mrs. Margaret Bain (SNP, Dunbartonshire E).

Both Mr. John Smith, the Minister in charge of the Bill, and Mr. Francis Pym, Opposition spokesman, argued that changes in Britain's traditional first-past-the-post voting system should be made only on grounds of principle, and not through political expediency.

Liberal MPs, who want proportional representation to be used in Britain for the first direct elections to the European Assembly, supported the amendment.

But Mr. Smith maintained that there was an important difference betwen elections for the European Assembly, where voters would not be electing an administration, and the Scottish Assembly, where the formation of an administration would be at issue.

Mr. Pym said that an assembly of 150 members as envisaged by supporters of the amendment would be "too large and too expensive."

He also argued against the concept that, after the first election, the Scottish Assembly should be allowed to decide for itself the electoral system to be used in subsequent elections.

"I believe that this is a responsibility which this House should always retain for itself," he declared.

Mr. Enoch Powell (UU Down S) said the reason MPs had this particular proposal before them was because of a "special case within a special case" — the Scottish National Party.

But if the SNP did not exist and "we still nevertheless proceded in obedience to the theory that Scotland was a nation requiring separate, directly-elected, legislative representation, we would still be incurring the same dangers."

That danger, said Mr. Powell, would be to create "a Dutch auction in which the winners would always be those who proposed further development which would lead to continuous loosening of the union."

Mr. Alick Buchanan-Smith (C., North Angus and Mearns), said his impression was that a majority of the Scottish people was opposed to separation. He predicted that SNP support would wither away when a substantial measure of devolution was achieved.

Proportional representation would mean that extremist views—such as separatism—would be subject to a much greater discipline than in the first past the post system.

For the SNP, Mrs. Bain said that nationalists had consistently supported proportional representation. She claimed there were genuine fears that the first-past-the-post system could lead to the assembly being dominated by a "Labour mafia."

Two-way voting viewed as 'mistake'—Speaker

VOTING FOR both sides in a Commons division is regarded as a mistake rather than a demonstration, the Speaker Mr. George Thomas told MPs yesterday.

He was replying to Mr. MALCOLM RIFKIND (C., Pentlands) who said that voting lists in Hansard were misleading.

Two Labour MPs, Mr. Arthur Latham (Paddington) and Mr. Tom Litterick (Selly Oak), had voted in both "aye" and "no" lobbies in the previous night's Government defect on the Scotland Bill.

The Speaker said that this would not be the first time that MPs had by mistake, or some other reason, found themselves in two lobbies. Where the Commons rules referred to people voting in both lobbies, it was regarded as a mistake rather than a demonstration.

Mr. Latham argued that it was permissible for an MP to vote in more than one lobby. There was no voting procedure in the Commons for recording positive abstention and double voting was a novel way of doing so.

"There are, sometimes, in the course of life, and in the Commons, occasions for deliberate mistakes," he said.

Social Security frauds 'cover-up' claimed

THE DEPARTMENT of Health was yesterday accused of a "massive cover up" of the number of social security frauds.

Mr. Iain Sproat (C., Aberdeen S.) claimed that details he had just "squeezed" out of the department indicated that the number of such frauds was more than double the 19,000 a year Ministers said was the true figure.

That figure had represented cases where convictions were obtained, Mr. Sproat stated.

"Now, I have been told by the department that there were 20,700 cases of social security frauds where a charge was preferred but where, for various reasons, a prosecution was not embarked on.

"This actually means that social security frauds are running at something like 40,000 a year and not just 19,000, which Ministers would like us to think was the case." It was "yet another massive cover-up job," he claimed.

Concern over housing funds take-up

GOVERNMENT concern at the lack of take-up by local authorities of funds available for housing projects was expressed by Mr. Reginald Freeson, Minister for Housing, in the Commons yesterday.

Mr. Freeson said that in September, there were 28,400 housing starts in Britain, 13,500 of these in the public sector and 14,900 in the private sector.

Mr. Dennis Skinner (Lab., Bolsover) said the figures were appalling and blamed the cuts in public expenditure.

Mr. Freeson assured MPs that the Government intended to increase its housing provision by £150m. in 1978.

Replying to Mr. Roderick MacFarquhar (Lab., Belper), the Minister said he hoped the trend to reductions in building society interest rates would continue.

Lower land tax demand

IT WOULD be better for the construction industry and the 250,000 unemployed workers in it if the development land tax was reduced and private developers encouraged to make building land available, Mr. Nick Budgen (C., Wolverhampton SW) said in the Commons yesterday.

Mr. Guy Barnett, Under-Secretary, Environment, said there was little evidence to suggest a shortage of land for development. The first disposals of land that had taken place under the Community Land Act had shown a profit.

From the Conservative front bench, Mr. Hugh Rossi asked the Government to find out how much unused land in the possession of nationalised industries and local authorities could be made available on the market.

Mr. Barnett pointed out that good land management by local authorities was part of the Act.

Assurance on fuel stocks

ADEQUATE AND well-distributed stocks of fuel are available in general to meet the winter's need, Mr. Anthony Wedgwood Benn, Energy Secretary said in a Commons written reply yesterday.

Mr. Benn said that oil stocks were at planned levels, and although coal stocks were somewhat below last year's high levels, the overall picture was much the same as last winter. The electricity generating system had spare capacity.

He told Mr. Ian Campbell (Lab., Dunbartonshire W.) that given normal production the main winter hazard to fuel supplies lay in a combination of heavy snow and prolonged severe frost which could interfere with transport and freeze up stocks of solid fuel.

Inevitably, any sudden onset of severe weather was likely to cause some temporary dislocation but minimising its effects were kept under regular review by the fuel industries.

Two new whips appointed

By Our Lobby Editor

TWO NEW Government whips appointed by the Prime Minister yesterday are Mr. Peter Snape, MP for West Bromwich East, and Mr. Jim Marshall, MP for Leicester South.

They fill vacancies caused by the recent resignations of Mr. David Stoddart, MP for Swindon, and Mr. Joe Ashton, MP for Bassetlaw. Their salaries as whips are £4,000 plus £3,000 of their normal Parliamentary salaries as MPs.

Bill of Rights tied to U.K. law urged by Ulster Commission

BY OUR BELFAST CORRESPONDENT BELFAST, Nov. 23.

NORTHERN IRELAND should not have its own Bill of Rights, says the 14-member Standing Advisory Commission on Human Rights, after a two-year study.

In its report published yesterday, the commission states that further protection for Ulster citizens should be achieved by incorporating the European Convention on Human Rights into U.K. domestic law.

Mr. Roy Mason, Ulster Secretary, is to ask a House of Lords Select Committee, now studying human rights, to consider the report.

"I am sure that it will make a valuable contribution to the wider public debate now taking place throughout the U.K. about the adequacy of existing safeguards for human rights and freedoms," he said in a Commons reply.

The commission, which heard submissions from a wide range of groups and individuals, says that the overwhelming weight of evidence favoured the use of the European Convention as the basis for any Bill, whether for Northern Ireland alone or for the U.K.

Although the commission believes the convention should be incorporated into U.K. law, it say that, in the event of the return of a local legislature to Ulster, it would be desirable to have a clear and enforceable charter of rights for the Province.

In purely Northern Ireland terms, the commission takes the view that, while the present emergency lasts, any Bill of Rights would be seriously weakened in its impact by the need to suspend important provisions in the interests of public security.

It adds that there is a substantial body of law presently in force in Ulster, designed to protect various aspects of human rights, and should not be underrated.

The commission sees a strong case for clarification of police powers and emergency legislation in the U.K. as a whole and recommends that an independent inquiry should consider these matters.

Mr. Robert Cooper, a former deputy leader of the moderate Alliance Party, says in a dissenting note to the report that a Bill of Rights for the Province should be given priority in view of probable delay in enacting a measure for the entire U.K.

The Protection of Human Rights by Law in Northern Ireland, HMSO, £2.35.

LABOUR NEWS

No pay rule exemption for Leyland, says TUC

BY ALAN PIKE, LABOUR CORRESPONDENT

THE TUC general council yesterday confirmed its view that it would be wrong for Leyland Cars to be made an exception to the 12-months pay rule so that it can rationalise its bargaining structure.

A common starting date of November 1 for all agreements in the company's car factories, to replace the present system of piecemeal negotiations throughout the year, was accepted by employees in a ballot last month.

However, the TUC is to tell Mr. Albert Booth, Employment Secretary, that it would be wrong to make any exception to the 12-month rule beyond those already agreed by Congress for self-financing productivity schemes and some pension improvements.

"Any such exception would create difficulties for other unions with equally pressing problems," said a TUC statement after yesterday's general council meeting.

The move to exempt Leyland Cars from the rule was supported by the Transport and General Workers' Union, which voted against continuation of the rule at the TUC's annual Congress in September. Otherwise, only about three Left-wing members of the general council took Leyland's side.

The other big motor industry union, the Amalgamated Union of Engineering Workers engineering section, decided that no special case treatment could be allowed.

One important factor in the minds of general council members yesterday was that, once an exemption had been made for Leyland, it would have been even more difficult to insist that the National Union of Mineworkers honour its 12-month rule obligations.

The NUM has submitted a big wage claim for payment from this month, although miners are not due for another rise until March.

The TUC's decision will have came as no surprise to Leyland although still as a disappointment. A management statement yesterday said that when the employees' ballot took place it had been made clear no guarantee could be given on introducing a common bargaining date from this November.

Whatever decision is finally made by Mr. Booth on the 12-month rule, Leyland intends to continue with other aspects of its plans to reform pay bargaining. These involve giving pay increases of 10 per cent on earnings to all employees, a security of earnings package, an incentive scheme and the gradual establishment of pay parity and company-wide wage structures.

● Hopes of a compromise to end a three-week strike over manning levels that has crippled output of TR7 sports cars and Dolomites at Leyland Cars' Liverpool plant rest on a meeting tomorrow. The strike involves 1,900 workers and 4,000 more have been laid off.

Strike at Raleigh made official

BY PETER CARTWRIGHT, MIDLANDS STAFF

THE NATIONAL SOCIETY of Metal Mechanics yesterday made official the pay strike at T.I. Raleigh Industries, Nottingham, which has cost the company output worth £600,000, two-thirds of it for export.

The union has about half the 4,500 manual workers, the rest belonging to five unions including Transport, Engineering, Electricians and Construction workers.

The unions made a two-part claim for an increase of up to £27 to bring earnings, including overtime, up to the national average, with the guideline 10 per cent. on top.

The management replied that the claim was equivalent to 39 per cent. on the payroll, and countered with a 10 per cent. increase offer and discussions on a self-financing productivity scheme. These talks were not started before the negotiating procedure was exhausted, and a strike called.

Skilled workers such as millwrights and electricians say the earnings gap with other engineering factories in the region is £16, and are adamant on staying out until an acceptable offer is made.

Mr. Ray Allen, district officer of the Metal Mechanics, instanced gross earnings at T.I.-Raleigh of £52.90 against a national figure of £80.60, a difference of more than £27. In 1974 the difference was £14.

Ward 'had reservations' about former employee

MR. GEORGE WARD, managing director of Grunwick, said yesterday that he had grave reservations about the political views of an employee who objected to the arrest of pickets outside the Willesden factory gates.

He told an industrial tribunal that he knew Mr. Rashed Mohamed, 34, a former accounts assistant at the strike-hit film processing company, had relatives in Mauritius with Communist sympathies.

"But I do not discharge people for their political beliefs," Mr. Ward said. He is resisting an allegation of unfair dismissal by Mr. Mohamed.

On Monday Mr. Ward told the tribunal that Mr. Mohamed worked himself into a passion when police arrested four of the pickets on March 9 and hurled abuse at Mr. Ward.

It is alleged that Mr. Mohamed shouted aggressively: "The arrests are bloody racialist and bloody unfair." This was greeted by applause by pickets.

Mr. Ward denied that he lost his temper and asked Mr. Mohamed to resign. "I walked away from the gates so that pickets would not see my reaction. I asked him to follow me to my office."

Mr. Mohamed was still extremely agitated. "Mr. Mohamed is 6 feet 2 inches in height, and a belligerent person. I decided to take two co-directors as bodyguards with."

Mr. Mohamed never did confidential work for the company, but he was well able, with his sympathies, to convey confidential information outside about such things as suppliers' invoices, Mr. Ward said.

"I had grave reservations about Mr. Mohamed's general attitude and his conversations with me before this incident. But I took a risk. It could well be that he did convey information, but I have no evidence that this was done."

Mr. Mohamed, who worked for Grunwick for two-and-a-half years, claims that he was constructively dismissed by the company as a result of the incident with the pickets. He says he was demoted, humiliated and forced to quit as a result of his stand against the police arrest.

He says he walked through booing pickets and worked in the evenings and at week-ends to help keep the company going. His reward was a demand for his resignation by Mr. Ward. The hearing was adjourned until December 13.

TUC seeks publication of Bullock paper

THE TUC is continuing to press for early publication of a White Paper on industrial democracy—if possible before Christmas—in spite of indications that this is unlikely.

Members of the generol council yesterday approved an economic committee report which develops the resolution on industrial democracy and the Bullock Report adopted by the TUC this year.

The economic committee statement argues that, side by side with Board representation, there should be a general legal requirement on companies under which a joint union body would have the right to participate in discussion and drawing up plans before decisions were taken.

Exact details of this discussion process would vary in practice from company to company and would range from discussion of a draft planning agreement to consideration of a specific investment project at home or overseas.

Journalists at Express vote on 17% offer

By Our Labour Staff

MORE THAN 600 journalists on the Daily Express and Sunday Express newspapers are being balloted on a new pay offer involving a productivity deal worth some 17 per cent. on top of a £4 increase under the Government's Phase II pay policy.

The ballot of journalists in London, Manchester and Glasgow is to be completed by Monday and carries a recommendation for acceptance by union negotiators.

Under the offer, the number of jobs planned to disappear through natural wastage and early retirement is said to have been reduced by nearly half from 100. The deal includes agreement to end payments for extra working in favour of time off in lieu, bringing the journalists in line with NUJ national policy.

Four thousand technicians and journalists employed by Independent Television have accepted Phase Two pay deal, backdated to July. The rest of the company's 8,000 staff accepted a similar settlement last month.

Executives against closed shop

By David Churchill

TRADE UNION demands for closed shop should be resisted "by all legitimate means," believe one in four senior executives in industry according to a survey published yesterday.

The survey, in the industrial magazine Chief Executive, found that one in five of the managing directors questioned believed that closed shops should be made illegal. But the majority acknowledge that it would be "unrealistic and disruptive" to try to curb its development.

The magazine comments that in spite of the "timidity" shown by the Conservative Party at its recent conference, about half of the executives surveyed would support an attempt by a Conservative Government to impose legal restraints on the establishment and operation of closed shops.

Shipping freed as canal pay dispute ends

SHIPPING was moving again on the Manchester Ship Canal yesterday for the first time in a fortnight, at the end of an unofficial strike by 42 lockgatemen at Eastham Lock, the 36-mile canal's gateway to the sea.

The two week stoppage had prevented vessels entering or leaving the waterway.

Yorkshire miners' tribunal 'wrong to pass judgment'

THE YORKSHIRE area of the mineworkers' union had no jurisdiction to discipline two members who had given defence evidence for a newspaper in a libel action brought in the name of Mr. Arthur Scargill, the Yorkshire NUM president, a judge ruled yesterday.

Mr. Justice Templeman said in the High Court that a domestic tribunal had no power to punish a witness for supplying information to a litigant, even if that information proved to be inaccurate or unhelpful.

Nor did the Yorkshire NUM tribunal have power to punish a witness because his evidence at the libel trial did not correspond with a statement made earlier to union solicitors.

"If a domestic tribunal has power to sit in judgment on the conduct of a witness in a court of law, no witness subject to the jurisdiction of that domestic tribunal will feel free to tell the unvarnished truth in court if it does not correspond exactly with his former recollections," said the judge.

The judge also decided that it had been "manifestly unfair" to the two men, Mr. William O'Brien and Mr. Tom Roebuck, that Mr. Scargill acted as chairman at the tribunal hearings when his complaints against them were dealt with.

"Even guilty men are entitled to a proper tribunal — and a tribunal is not properly constituted if the chairman has been personally involved and is likely to be biased, either consciously or unconsciously," said Mr. Justice Templeman.

The disciplinary hearings had resulted in decisions to suspend the two men from union office, and from eligibility for holding office, for two years.

Mr. O'Brien and Mr. Roebuck had claimed that the disciplinary proceedings were null and void.

After the judge had found in their favour and awarded them costs against the Yorkshire Area Council of the National Union of Mineworkers, the union gave undertakings not to implement the suspension decision.

The union had denied breaching the rules of natural justice and being in contempt of court.

Mr. Justice Templeman said the libel action against the Sheffield Star was brought by Mr. Scargill in accordance with union resolution. Mr. Scargill afterwards accounted to the union for the £3,000 damages which was awarded.

In March last year, shortly after the libel hearing, Mr. Scargill prepared a report for the union in which he said that Mr. Roebuck's evidence on subpoena for the newspaper contradicted an earlier statement to union solicitors. He also reported that Mr. O'Brien's evidence concerning correspondence which had passed between him as a branch secretary, and Mr. Scargill, as president.

In his report, Mr. Scargill said he believed the actions of both men were detrimental to the union's interests.

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[T]echnical Page

[EDIT]ED BY ARTHUR BENNETT AND TED SCHOETERS

[B]ANKING

[M]ove to keep data [fl]ood in control

[THE]RE IS a flurry of activity [on t]he part of the big banks [aime]d largely at containing the [task] of handling the vast flood [of in]formation that pours into [them] every day from thousands [of br]anches.

[On]e sign of this activity has [been] recently disclosed orders [for l]aser-beam equipment which [can] scan and recognise a whole [range] of hand-written characters [despi]te considerable variation in [chara]cter outline dependent on [the w]riter.

[Th]e Scan-Data 2250, first [demo]nstrated in Britain some [...]years ago has taken time [to ca]tch on. But so far as Lloyds [...] is concerned, it has caught [on w]ith a vengeance since the [bank] is proposing to make the [large]st commercial use of the [equip]ment in the world when it [is in]stalled early in 1978 at the [...] new computer centre [it ha]s has built on Bankside.

[Th]e equipment will be hand[ling] some 500,000 handwritten [chara]cters a day sent in from [...] locations and the decision [to sp]end close on £400,000 on [the s]ystem was taken after the [bank']s information handling [exper]ts has assured themselves [that] characters and numerals [writt]en in ordinary ball-point pen [could] be successfully read by the [equip]ment with an accuracy at [least] as good as data capture [by p]unch and verifier.

[W]ork of the Scan-Data machine [does] not stop there since it will [also] read information put out [by p]rinters by other computers [and] in fact will cater for all [data] not needing an immediate [resp]onse over the Lloyds tele[proc]essing network.

[Pa]rt of the equipment is an [on-li]ne document reject re-entry [whic]h allows any characters that [the] machine could not handle to [be f]ed into the stream of data [with]out stopping the reading [oper]ation, which continues at [...0] characters per second.

[L]inked to it is a ten-terminal [key] to disc system with valida[tion] capabilities to be used for [...] data which is not suitable [for] the OCR unit.

[D]ata output will be on compatible magnetic tape.

Apart from this major move in data capture, the bank is installing a whole series of NCR Quantor computer output to microfilm units which will take over the task of providing account movement details on microfiche to all branches. And overshadowing all this is the very large job of replacing the terminals in the Lloyds bank branches, some of which have been up and working for 11 years.

National Westminster Bank will also have one of the Scan-Data units under a contract worth £550,000. It will be delivered, together with a Cummins OCR and magnetic character reader, to the bank's new Leman Street centre on completion next year.

Already installed is a first Cummins KeyScan S400—first of its type in the U.K.—which at Woolgate House is handling a variety of documents of all shapes, sizes and thicknesses having pre-printed, line printed and post-encoded data. Output is again on compatible tape.

Main application is in the processing of collection account credits where transaction volumes are constantly on the increase.

Access has acquired a £300,000 Scan-Data OCR machine to handle credit card payment transactions in which the reader and the correction facility are used with the key-to-disc array.

Handling up to 100,000 payments a day, the equipment is enabling Access to run the job with one-third of the staff previously required to feed in a comparable amount of data via keyboards and displays on line to the main machines. At the same time, the latter are freed for other work.

These are only a few of the moves on hand in the major banks. Several announcements of further moves to extend automation are understood to be in the pipeline.

More from Scan-Data on the 7th Floor, Queen's House, 2 Holly Road, Twickenham TW1 4EW 01891 0156.

[N]o queues for money

[TH]ERE CAN hardly be a single [custom]er who has not, at some time, [stoo]d in a long bank queue, [shor]t of ready cash, holding a [chequ]e in his/her hand and [watc]hing the clock move closer [to a]n appointment time, only to [find] that the person just ahead [in th]e file happens to have a com[pany']s complete transactions for [the] day to pass over the counter [for] acceptance and validation.

[A] large part of the frustration [of] such happenings can be [avoi]ded, as it is at the Bank of [...] South Wales, and soon may [be at] one of the major banks, by [a tic]ket system which cuts out [queu]es entirely and provides [comp]lete privacy for the person [tryi]ng to transact business as [ano]ther bonus.

The concept is simple in the extreme since it relies on a ticket dispenser with sequential numbering. A customer takes a ticket and is free to do whatever he wishes till the corresponding number comes up on a call panel linked with a buzzer.

Operators of the indexing system are the counter staff who press a push-button as they finish each transaction to advance the number on display and summon the next person to be served.

Lonsto has received a number of orders for the systems from various Government departments and its "Ticket Systems" are subject to patent and design rights.

More from Lonsto House, 1, Princes Lane, London, N10 3LU. 01-444 8041.

[M]idland picks Arbat

[INITI]AL STAGES of the SWIFT [intern]ational banking finance [comm]unications network have [not be]en without their problems. [The w]hole system has been put [back] several times, either [becau]se the whole book of high[-level o]perational procedures was [not r]econciled, or because the [...] supplying entry-level [machi]nes and procedures had [under]estimated the work [involv]ed in meeting the demands [made] upon them by their [prest]igious—but not numerate—[...]

[Midl]and Bank was one of the [prime] movers behind the setting [up of] the SWIFT international [netwo]rk for financial telecom[munic]ations. Burroughs was [...] in the work on the SWIFT [...] in Europe—and Midland [is a B]urroughs site and is likely [to re]main so, as far as big [machin]es are concerned.

It is thus highly significant that Midland Bank has decided to move over to Arbat (Arbuthnot-Latham backed specialist house for high-speed application of minicomputers to banking and other problems) for the handling of its interaction with the SWIFT network in Europe and across the Atlantic.

The contract with Arbat calls for links for Arbat Swift which will meet the requirements of the teleprocessing units made by IBM and feeding into the 145 machines operated by Midland for its international operating divisions, which obviously generate the bulk of the bank's international operating messages.

So far as hardware is concerned, DEC will be supplying large arrays based on its PDP 11 machines.

More from Arbat on 01-248 6499.

[A]GRICULTURE

[B]alancing the load

[IN H]EAVY field conditions, [agricul]tural fork lifts can lose [tractio]n when unladen, or lose [th]e steering when carrying [heavy] loads because of insuffi[cient w]eight on the rear wheels. [The] latest farm lift truck from [Manito]u overcomes this prob[lem wi]th a sliding counterweight. [Moved] by a hydraulic ram, and [control]led from the cab, it [allows] the operator to vary [the we]ight distribution while on [the mo]ve. The weight can be [transfe]rred from midships, over [the en]gine, to the rear to ensure [good] steering and maximum [stabilit]y.

[Desi]gnated the MB25P, the [truck h]as a 2½ tonne capacity, [and is] powered by a Perkins 65 [dies]el. A four-speed synchro[mesh] gearbox with high/low [sh]ift, gives 8 forward and 8 reverse gears. A new hydraulic forward/reverse clutch mechanism enables the direction of travel to be reversed without changing gear.

The hydraulic-immersed disc footbrakes can be operated independently or with the pedals latched together. Four mast heights are available from 3 to 6.75 metres, with free lift as an optional extra.

This company has also introduced a quick-hitch attachment system for use with its farm lift trucks. It is close-hitched to the mast, reducing the usual load de-rating (by up to 50 per cent.) and providing extra reach and greater tear-out force.

Details from Manitou (Site Lift), Mayflower Close, Chandlers Ford Industrial Estate, Eastleigh, Hants., (04215 66541).

[Po]werful tractor

[A TURBO]CHARGED version of the [Interna]tional DT 358 direct in[jection] six-cylinder engine [powers] the latest agricultural tractor launched in the [U.K. by] International Harvester. [Already] popular in Europe, the [...] hp tractor will be the [most po]werful available from the [compan]y in the U.K.

[It will] be supplied with two or four wheel drive. The four-wheel drive version has almost as much weight on the front axle as the rear—2,300 kg front, 2,500 kg rear—and provides an easy shift from two to four wheel drive on the move.

More from the maker at PO Box 25, 259 City Road, London EC1P 1AD (01-253 8422).

Expansion at Altus Engineering, tool-making subsidiary of the Delta Group, has resulted in the installation of a fully three-dimensional computer numerically controlled contour miller supplied by Olivetti.

The decision to go to this form of NC was taken over a year ago and the specification was that the equipment ultimately bought should have the highest possible accuracy in milling, while being big enough to tackle such items as bolsters for die-casting tools.

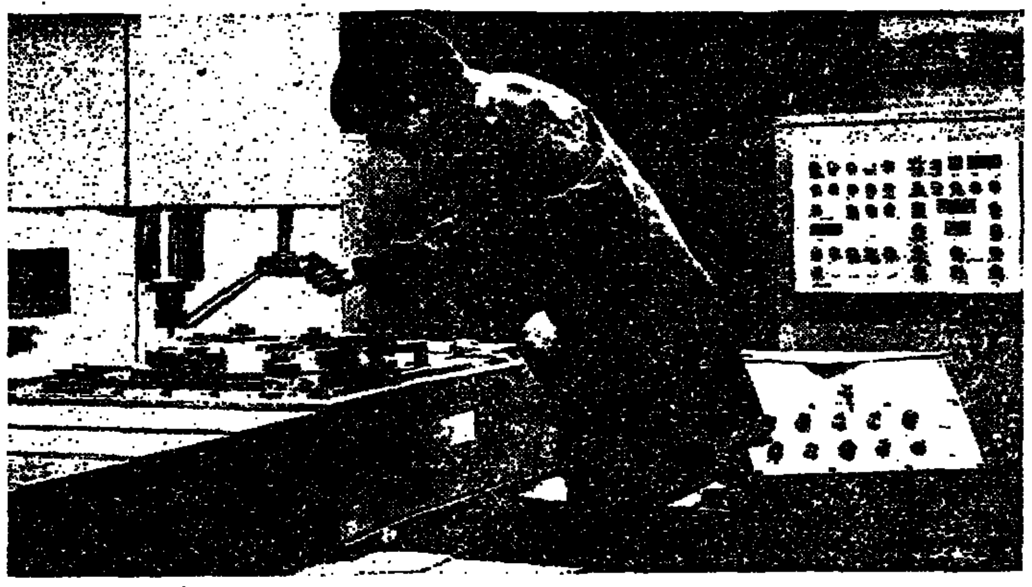
Olivetti's Auctor 3 CN5D, which won the competition, offers simultaneous and continuous control through the three axes to high standards of precision and repeatability. The CNC control allows for cutter compensation covering three axes.

This machine is installed at Corsham where a graphics display terminal and other communications equipment is on line to a Prime computer at the company's Birmingham training centre and is used to prepare paper tapes for the Olivetti machine.

Altus is a leading U.K. exponent of spark erosion techniques and the new machine is to be used extensively to make graphite electrodes, the common tape providing full suites of tooling and support for redressing of the electrodes.

Advent of this £170,000 facility will be a boon at a time when toolmaking skills are becoming increasingly scarce since it will relieve experts of the machining job and leave them to cope with polishing, fitting and bedding.

Further information from Altus Engineering Company (Corsham), Stokes Road, Corsham, Wilts SN13 9AB. Corsham (0249) 712511.



● COMPONENTS

Simplified drive gear

THE ADVANTAGES of a brake motor and a hollow shaft drive gear have been combined in a single unit developed by Demag for power train applications.

The hollow shaft can be fitted directly on to the shaft to be driven, eliminating any form of coupling. The shaft can be on either side of the gear, simplifying design and saving space. No foundations are required and only two points of reaction are required to keep the gear in position.

The units are available with integral disc brake motors from ¾ to 25 h.p. with spur gear boxes providing ratios from 170:1 to 20:1. Stopping distance of the motor is stated to be repeatable within ±10 per cent.

Applications include conveying and handling; crane travel, hoist and slew; belt drives; and stirrers.

Details from Demag Material Handling, Banbury, Oxon. (0295 4555).

Valves at less cost

HYDRAULIC SOLENOID directional control valves for high volume applications on automotive, agricultural, mobile and mechanical handling equipment, where cost is an important factor, have been developed by A and D Fluid Power.

Made to fit the international Size 3 subplate, the vlaves are rated at 2500 psi and 4 gal/min. They are available in two forms —single solenoid spring offset and double solenoid three-position spring centred with a choice of four spool configurations. Solenoids (wet-pin type) operating on 110 or 230 V 50Hz, or 12 or 24 V dc supplies, are available.

Compared with company's other valves, the price has been cut by about 30 per cent. This has been achieved by limiting the number of variations, simplifying the electrical connections, and specifying a minimum order quantity of 100 valves.

More from the maker at 21 Newick Drive, Newick, Lewes, East Sussex BN8 4NY (082572 2546).

● COMPUTING

Amdahl up in under a day

FIRST Amdahl computer to be delivered in the U.K. was installed recently at the BOC Datasolve centre at Sunbury in less than 20 hours to power switch-on.

It is a V/5 machine, will take over part of the service bureau's rapidly growing load, and will also serve as the test centre for this particular machine in Europe since it is the first machine of its type on this side of the Atlantic.

The equipment will have online diagnostics capability with the Amdahl centre at Sunnyvale, California.

It is to operate with IBM 3330 and 3350 discs and support extensive telecommunications facilities.

Amdahl (U.K.), Viking House, 29, Lampton Road, Hounslow, Middx., TW3 1JD. 01-572 4312.

● SAFETY

Air in an emergency

FIVE MINUTES' air supply for people escaping from fire and smoke, toxic gases, and similar hazardous environments, is provided by an emergency breathing apparatus originally developed for the U.S. Navy, and now available in the U.K.

Called an Air Capsule, the unit is about the size of a binoculars case. In use, the top of the case is removed, revealing a plastic hood which is placed over the head. A pull ring releases a regulated flow of air into the hood. Fitting is said to take about ten seconds.

The polyurethane hood will withstand a wide range of temperatures, and gives all-round visibility. It has an elastic neckband, with a drawstring to form a comfortable seal. An exhalation valve allows carbon dioxide and excess air to escape.

In addition to protecting the wearer against hot gases and poisonous fumes, the hood provides additional buoyancy and will keep the wearer afloat while the air flow lasts.

Air is stored at 5,000 psi in a coiled stainless steel tube, and its release is controlled by a recockable valve — which also operates as a safety valve if the pressure rises too high. The units, which weigh about 4½ lb, can be stored for three years fully charged.

After use, units can be refilled, either from a charger operating from a compressed air bottle, or by the U.K. agent, Robertshaw Skil, Greenhey Place, East Gillibrands, Skelmersdale WN8 9SB (0695 23671).

● By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

Tougher market for candidates • The conference business

BY MICHAEL DIXON

GOVERNMENT MAY take comfort from the evidence that, even on a cautious reading of this week's unemployment figures, job prospects in general do not seem to be growing any worse. But there is apparently no such comfort for managerial-type workers in particular, according to the latest statistics from the Government-sponsored Professional and Executive Recruitment agency.

The most recent PER statistics — the most comprehensive available — cover the four months from June 1 to September 30, and since this period includes the summer lull in recruitment, probably present an unduly pessimistic view of demand for and supply of executive-type jobs. Even so, the state of the market this summer indicated a general decline from the conditions of June-September 1976.

During those four months last year, PER had a total of 81,867 candidates registered for jobs in the 35 categories covered by the accompanying table. Vacancies in the same categories which had been notified to the agency totalled 8,163.

The corresponding figures for this year published by the Reward survey (1 Mill Street, Stone, Staffordshire ST15 8BA, telephone Stone 4554) show an increase in the total of candidates of just under 1 per cent. to 82,554. But the number of vacancies notified to the agency was down by nearly 21 per cent. to only 6,494.

To some extent, of course, the comparisons may reflect a reduction of PER's share of the vacancy-filling side of the market. To me, however, the change seems too big to be explained by anything other than a worsening of the ratio between demand and supply.

Work category	Ratio of candidates to each vacancy June-Sept. 1977	June-Sept. 1976
Electrical engineers	3.3	3.3
Design draughtsmen	3.9	3.6
Work study and O & M	5.8	6.5
Mechanical engineers	6.0	5.8
Estimating and qual. control engineers	6.4	4.7
Technical sales representatives	6.8	3.9
Production engineers	7.8	5.2
Cost accountants	7.9	7.6
Metallurgists	8.4	9.1
Computer programmers	8.7	6.4
Production management, engineering	9.3	9.6
Accountants	10.0	8.5
Systems analysts	10.4	7.2
Chemical engineers	10.6	8.1
Chemists	11.5	11.7
Quantity surveyors	12.2	9.8
Production management, non-engineering	12.6	8.5
Engineering technicians	12.6	8.5
Purchasing officers and managers	13.7	11.8
Sales representatives	14.0	11.9
Physical distribution management	16.0	14.4
Training officers and managers	16.8	21.8
Physicists	18.0	12.3
Sales office managers	22.5	15.1
Civil and structural engineers	24.0	14.0
Economists and statisticians	24.0	26.2
Personnel and IR officers and managers	24.2	19.5
Marketing managers	31.4	24.7
Retail management	34.0	24.0
Sales managers	34.3	25.2
Computer and management services managers	36.8	18.9
Company secretaries	37.9	32.2
General management	66.1	54.6
Public relations officers and managers	102.2	55.8
Administrative management	233.7	122.0

Of the 35 categories, only six show an improvement in the prospects for job-seekers.

By far the most marked improvement is for training officers and managers and, as one who feels starved of grounds for optimisim, I only wish that I could shake off the suspicion that this advance has more to do with the Government's grant-aided measures to counter unemployment than with anything else.

There were better prospects this summer also for economists and statisticians, for practitioners and managers in work study and organisation and methods, for metallurgists, for people in production management of an engineering kind, and for chemists.

The ratio for electrical and electronic engineers, shown as unchanged in the table, was very marginally down, but the position for everyone else in the categories worsened noticeably.

In particular, I am struck by the apparently much better prospects for specialist types than for general management which still seems to be regarded as the only proper ambition for aspiring executives. With 66 general managers chasing each notified vacancy, moving from the specialist to the general ranks surely carries a risk which, under this country's tax system, can hardly be compensated by take-home pay.

Given the even worse chances for public relations people and administrative managers — whom I assume to be generalists at the lower levels — the best advice for those in these categories would possibly be to move into something different or failing that, at least to call themselves something else.

Developer

FOR THE evidently hard-pressed PR trade, however, there is a bit of extra hope in the search for a manager of development services by the Association of Conference Executives, which is based in Huntingdon. "A good grounding in public relations" is one of the qualifications specified by this limited-by-guarantee concern, formed six years ago to develop communications between those who supply and those who require facilities for conferences and meetings.

It currently has interests extending to about 40 countries, and more than 1,000 members. These all pay a £10 entry fee, beyond which the suppliers such as conference organisers, travel agents and hotel groups pay an annual subscription of £48, and buyers such as big companies given to staging conferences pay a yearly £24.

Responsible to the ACE International director, Peter Cox, the newcomer's main tasks will be to develop the association's own services — which I understand at present consist largely of providing training for suppliers' staff and get-togethers for suppliers and buyers — and to drum up increased membership in Britain.

Mr. Cox thinks that his best bet is likely to be somebody already working in some branch of the conference business who, if not specialising in public relations, is knowledgeable about the range of relevant techniques of marketing, communication, and training. A further need is a clear understanding of budgetary control.

Although the association can hardly have seen in advance the figures in this week's table, I suspect that it had more than an inkling of the frighteningly competitive jobs market for PR people because the proffered salary seems low at £5,000. But I have little doubt that a supremely qualified candidate could persuade Mr. Cox to cough up more.

While the base is Huntingdon, some 60 miles north of London, the newcomer will have to spend much time in the capital and a car mileage allowance will be provided.

Applications to Mr. Cox at 8 St. John's Street, Huntingdon, Cambs. PE18. 6DD—telephone Huntingdon 57595.

Surprising bill

IF, LIKE a good number of United Kingdom concerns, you were thinking of seeking increased export business by basing a senior sales executive for the first time in the Middle East, how much do you think this move would cost? According to Michael Egan of PA Management Consultants, which has just produced a personnel handbook on service overseas, the answer to the question is: much more than the average employer is likely to expect.

Let's say the company concerned prides itself on good—as distinct from best—employment practice, Mr. Egan adds, and is to transfer a 35-year-old sales manager earning £9,000 in Birmingham to not unusually expensive Tehran where he will be paid £15,000 tax-free. Let's say also that he is married with children aged 10 and seven, one of whom will be going to boarding school in the U.K.

In these circumstances, PA estimates the total cost of the new appointment as follows:

	£
Pre-posting: medical, language training	600
Disturbance: house sale storage, etc.	1,600
Relocation: transport, insurance, etc.	3,300
Installation: hotels, settling-in, etc.	2,350
Remuneration: pay, tax, pension, etc.	21,650
Accommodation: rent furnishing, etc.	15,400
Education, including travel expenses	2,950
Leave	2,420
Car purchase & running	3,500
Other costs: Medicare, clubs, U.K. admin.	800
Total	54,770

This calculation, in which costs of car and furniture are spread over two years, takes no account of "on-site" expenses, such as office services, travel and entertaining, which altogether could add a further £15,000-£20,000, Mr. Egan says.

"Since the amount of business which must be generated to cover even a £55,000 overhead is substantial, the manager being sent overseas in this case would clearly need to be well above average as a performer."

هكذا من الأصل

Promotion of Financial Services

Our client, a major international bank, has retained us to recruit two managers who will play a leading role in the organisation's continuing international promotion programme:

Advertising and Promotion Manager
c.£9,000

The requirement is for someone with experience in the running of major international advertising campaigns, and the creation and operation of promotional programmes on the ground. The ability to initiate ideas and monitor the impact of programmes is important.

Promotional Literature Manager
c.£8,000

The successful applicant will take responsibility for a new department organising all international promotional literature requirements and ideally will have practical experience in producing literature which will project a consistent corporate image in diverse overseas markets.

Both positions are based in London and are open to men or women. They are permanent and carry fringe benefits associated with an international organisation of the highest repute.

MLH

Applicants should send details of their career including salary and relevant personal particulars to the Managing Director, MLH Consultants Limited, 148-150 Grosvenor Road, London SW1. No information will be passed to our client without prior approval of applicants short-listed.

SENIOR COMMODITY TRADER

Europe / **North America** — **London Based** / **£7000 plus**

Our clients, an International Merchanting Company connected with the Jute Industry, wish to appoint a career minded executive, 28-40, to be responsible initially for their European operations and, *additionally in due course for North America.* This is a senior position which for the right person should lead to a Board appointment within 5 years.

The successful candidate will be based in London but there will be periodical visits to Europe and infrequent ones to the Far East.

Applicants should have a good conventional background and education and should be FLUENT in GERMAN and FRENCH. Attributes include a knowledge of *Commerce, Finance or Commodity Trading.* Some experience of purchasing as well as selling would be an advantage. Equally important is rapport, a keen business acumen and the ability to communicate and negotiate at top level.

Write or telephone (01-828 7000 24 hrs.) Quoting Ref. "KT".

Tilburn Day Associates Limited

TILBURN DAY ASSOCIATES LTD.
35/37 Grosvenor Gardens
London, S.W.1.

Financial Executive
Business Development & Planning
c.£8,500 + Car & Benefits

As a result of promotion this outstanding opportunity arises in a major division of a leading UK based food group. The person appointed will be an ambitious qualified accountant, aged 30-40, having held a line position in a large sophisticated manufacturing and marketing environment together with first hand experience of evaluating investment opportunities. Reporting to the Managing Director, he/she will be responsible for the strategic and financial planning of the Division, including the negotiation of acquisitions and the evaluation of major capital projects. Candidates must demonstrate commercial acumen, the personality to communicate effectively with senior management and the initiative and enthusiasm to make a positive contribution to the profitability of the division. Career prospects are excellent. Relocation expenses are available where *appropriate and generous fringe benefits are in line with the best UK practice.*

Applications to Miss Marion Williams.

Reginald Welsh & Partners Limited.
Accountancy & Executive Recruitment Consultants
123/4 Newgate Street, London EC1A 7AA Tel: 01-600 8387

MANAGING DIRECTOR
Machine Tool Manufacturing Company

A dynamic, qualified engineer is required to lead the future expansion of this profitable machine tool company. The company operates autonomously within a large Group.

Applicants must have extensive practical engineering experience, financial acumen and be sales orientated. Salary and commission will not be less than £12,000 p.a.

Apply in confidence to The Chairman, Box A.6152, Financial Times, 10, Cannon Street, EC4P 4BY.

Group Finance Director (Designate)

Dobson Park Industries Limited require a Group Finance Director (Designate) who will take over full responsibility from the present Finance Director within three months of appointment. The position, carrying full board responsibility, has arisen from a change of functions of group board members. In particular the present Finance Director is taking over responsibility as chairman of a trading division.

Dobson Park Industries Limited is a broad based engineering group with some 6,000 employees and with an annual *turnover approaching £100m. It already has operating companies* in the U.K., Europe and Australia and is planning to expand its overseas trading operations.

Candidates should be Chartered Accountants with a record of achievement at top level and all round management ability. The appointment carries executive responsibility for implementation of the financial policy of the group and control of the headquarters accounting and secretarial functions. It also involves the functional responsibility for maintaining and developing reporting systems in the four group operating divisions.

Whilst experience is required in forecasting and budgetary control, using computerised accounting systems, emphasis is placed on knowledge of evaluating acquisition and *other investment proposals, together with raising of finance on a* national and international basis. There is a vital need to maintain the exceptionally good working relationships which exist throughout the group.

Salary by negotiation but it is probable that applicants will be earning not less than £15,000 per annum. The appointment will carry the usual benefits including attractive pension rights. Age of applicants is not considered a bar for this appointment. Location of the appointment will be in Nottingham.

Please write, in complete confidence to:—

The Chairman,
Dobson Park Industries Limited,
Colwick Industrial Estate, Nottingham
NG4 2BX.

This appointment is open to both male and female applicants.

Young qualified Accountant for Conceptual Management
c£6000 + Excellent benefits

A substantial UK Organisation wishes to appoint a young lively-minded, qualified Accountant. The qualification however, will be seen as a sound base for a much broader role than traditionally accepted. The ability to discuss and think both conceptually and logically about business commitments will lead to total involvement and progressively, sole responsibility for the final decision. This is an extremely attractive opportunity and is intended to be the first step on a career path to a key position within the Senior Management team.

For further details, candidates male or female, should apply to:–

BSB Accountancy Appointments

131-133 Cannon Street, London EC4N 5AX. Telephone 01-623 9111

PROJECT MANAGER
IRAN—MIDDLE EAST
AMERICAN BUILDERS AND TECHNICAL SERVICES CORPORATION

Seek a Manager for one of their major overseas projects constructing poultry farms in Iran. Remuneration and benefits are generous and include free accommodation and return air fare. Further details will be supplied to interested applicants who are asked to send their curriculum-vitae in confidence to the sole agents in U.K. at:—

23, Spring Street, London W.2. Telephone 01-402 8545

Financial Assistant to Managing Director

Leeds c. £8,500 + car

This is an important new appointment in a demanding growth industry. The major objective is to develop a structure of management information and control, which will enable the Managing Director to assess overall performance and determine future plans. Applicants, ideally around 30, must have a financial background and will be MBA's, graduates or accountants. Experience in television, newspapers or related areas would be an advantage. *In order to operate effectively candidates will* need toughness, coupled with diplomacy and a style that depicts a disciplined, articulate professional. Future prospects are excellent.

J. R. Featherstone, FCA, Ref: 12139/FT

Male or female candidates should telephone in confidence for a Personal History Form to:
LEEDS: 0532-448661, Minerva House, 29 East Parade, LS1 5RX.

Hoggett Bowers
Executive Selection Consultants
BIRMINGHAM, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD

Financial Controller
Construction Industry - initially in Nigeria
Around £14,000 tax free

This major UK construction group is attaching high priority to the successful development of its recently established Nigerian venture. The outlook is good: the new company has already obtained its first substantial contract.

This is a career appointment – in Nigeria for probably about 2 years and then with every prospect of reassignment elsewhere in the group. In Nigeria, he will be accountable for overall financial and administrative management, and for the effective training of his Nigerian team. *Successful financial* management experience in industry – preferably, but not necessarily, in contracting – and a formal accounting or company secretarial qualification, are essential.

The negotiable salary is supplemented by additional high-standard benefits: house, car, educational allowances, etc. A visit to Ibadan, the Nigerian company's location, would be arranged before appointment.

Please write – in confidence – to C. Bexon ref. B.17252.

MSL Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

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FINANCIAL TIMES
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STATISTICS USERS CONFERENCE

Lack of data 'bound to affect strategy'

FINANCIAL statistics on manufacturing industry are seriously lacking and this is bound to have a detrimental effect on national policy making and on the work of the industrial strategy, according to the National Economic Development Office.

In a paper submitted yesterday to the annual statistics users *conference this year, organised* by the Bank of England on the *subject of financial* statistics, NEDO said the best way of *improving* the position was to change the basis of company reporting to reflect the needs of analytical users of accounts as well as to provide better information for the traditional user, the shareholder.

The paper suggested that financial results should be disaggregated by product group and between U.K. and overseas activities rather than viewed as a consolidated entity.

Company reports should also include statements of value added, and some form of inflation accounting. The present *half-yearly interim statements* should be extended to a fuller *quarterly reporting system as in* the U.S.

Accounts

Thought might be given to the possibility of getting all companies to report on common accounting periods.

National *statistics on manufac*turing industry should be treated *separately from other* commercial companies and a reconci*liation should be made* between the information included in the

MR. CHRISTOPHER JOHNSON
"Financial year should be calendar year."

monthly "Financial Statistics" and that in company accounts—for example on profitability.

These improvements would make for a much better and wider understanding of the true financial position of industry.

Future developments in industrial and commercial companies' financial statistics were reviewed in a paper by two government statisticians, Mr. M. J. Erritt from the Department of Industry and Mr. P. J. Stibbard *from the Central Statistical Office.*

They pointed to preliminary *work now under way with a view* to extending the analysis of com*pany accounts to medium and* small companies as well as to large ones, and also to an extension of the company liquidity survey.

Indicator

They noted, however, that improvements were expensive in resources and increased the demands made on companies.

Corporate liquidity was also taken as case study in a paper prepared by two CBI economists, Mr. J. Turner and Mr. R. H. Price, in discussing the usefulness of company statistics as a *guide to understanding the finan*cial position of industry and com*merce, and as an indicator of* future company behaviour.

Mr. *Gordon Pepper and* Mr. Robert Thomas of stockbrokers W. Greenwell and Co. urged changes in the definitions of the money supply and the publication of weekly or even daily data.

Frequent publication of series less likely to be distorted by arbitrage and window dressing operations would enable the financial markets to respond more smoothly to the needs of monetary policy.

Mr. Christopher Johnson, chief economic adviser to *Lloyd's Bank*, thought *more* frequent figures might be un*settling* rather than smoothing however.

Distortions

Experience on Wall Street, showed that such figures, which would contain large random fluctuations, had to be interpreted with the greatest care, he said.

The present monetary series, M1 and M3, were subject to large distortions, according to the

Reports by Michael Blanden, Anthony Harris and Peter Riddell

Pepper-Thomas paper. M1 rose and fell unpredictably because of the *inclusion of interest-bearing* overnight deposits—often invest*ment funds awaiting commit*ment *rather* than the transac*tions balances* which M1 was supposed to measure.

M3, in somewhat the same way, was distorted by the inclu*sion of very large certificates of* deposit. CDs over £50,000 represented very interest-sensitive corporate balances which might be switched into non-money form.

This "soft arbitraging" would artificially reduce the recorded money supply because banking interest rates were too low. By contrast, competition for reserve assets at a time of acute monetary stringency might again provoke "round-tripping," the *purchase of CD's with money* raised against overdraft facilities, which artificially inflated the M3 series.

Frequent

Interest-bearing money should be *eliminated from the season*ally adjusted series for M1, and large CDs from the M3 series. A broader measure of liquidity, including building society and trustee deposits with bank deposits, and non-bank holdings of Treasury bills and local authority paper with large CDs, might also be *required.*

Frequent series could be pub*lished on a moving average basis,* and should be available daily when bank computerisation had progressed enough.

Mr. Johnson, in an extensively critical survey of existing figures, said the present confusion of reporting dates made it impossible to obtain consistent totals, and facilitated window-dressing.

Banks should adjust their accounting period to calendar *months, to match the accounts* of the public sector and of other financial institutions.

The financial year for both Government and company purposes should become the calendar year. "The Chancellor could at choice offer us Christmas cheer or a catalogue of grim New Year resolutions."

Available

The problems of producing more frequent and detailed bank*ing and money supply statistics* were underlined by speakers *from the Bank of England and* the clearing banks.

Mr. R. H. Atkinson, from the Bank's Economic Intelligence Department, commented on the new figures now becoming available to the authorities showing money supply and domestic credit expansion on a weekly *rather than monthly basis.*

The banks had agreed to provide enough information to enable estimates of the main monetary aggregates to be compiled. But given the work already involved in the preparation of the monthly figures, the weekly returns would necessarily be substantially less comprehensive than those which were submitted monthly.

Interpretation of the weekly figures was likely to be very difficult "as the *intra-monthly* pattern is likely to be very irregular, changing as it will as the dates in the month covered by *each reporting week vary.*" Seasonal adjustment would be *impossible for some time.* Initially "the information will *be regarded as experimental for* the confidential use of the authorities."

Contributors

Mr. Alec Grayson, of the Committee of London Clearing Bankers' Statistical unit, said the authorities should be more prepared to limit their increasing *information requirements to the* normal management information needed by the banks themselves.

The banks "find it difficult to accept that the value of a comprehensive weekly money supply series covering both M1 and M3 on the same basis as the monthly series—which is what the Bank of England are trying to establish—will justify the amount of *additional* work and cost to the contributors of the data."

Even if the point were reached where it became possible to apply seasonal adjustments, "banks find it difficult to believe that the tuning of monetary policy will depend to any important extent on weekly figures."

Mr. David Reid, of the Central *Statistical Office, said Britain* was in the vanguard of efforts *in several countries to produce* balance sheets for every sector in the economy, consistent with the figures already published for income, investment, saving and the flow of funds.

Interest

He was not able to say when this work, which faced a number of severe practical difficulties, would be complete, but the amount of information already gathered was so large that new methods of dissemination might have to be considered. This was partly because the classifications used in the national accounts had been further subdivided to produce satisfactory balance sheet data.

The balance sheet data are of the keenest interest to official and other economic forecasters. It is thought large errors, especially in forecasting consumption and investment in relation to income, can be explained by attempts by companies and individuals to adjust their capital balances.

Balance sheet data should also *provide a much more reliable*

MR. ALEC GRAYSON
"Limit information requirements."

method of estimating national wealth and its distribution than *any previously available.*

Some of the research has been done for the Royal Commission on the Distribution of Income and Wealth, which has urged a higher priority for comprehensive sectoral balance sheets. Knowledge of the ownership of assets should also improve the *accuracy of existing statistics on* income and saving, which contain large residual errors.

Reliability

The sector balance-sheets *would follow current* cost accounting principles. Financial assets would be shown at market value (which would entail that in the company sector Ordinary shares would be shown as a liability at market value, and not as a nominal obligation) and productive assets at replacement cost.

There might also be figures for the current value of such *items as pension rights and* mineral rights.

In a second paper Mr. P. J. Stibbard of the Central Statistical Office described *some* of the detailed work going on to *improve the* reliability and frequency of existing series, notably concerning pension funds and public corporations.

The natural reluctance of institutions to provide unlimited information had to be borne in mind. Although there was growing and widespread interest in flow of funds accounts, it was still not clear what economic conclusions could be drawn from them. Until there was a breakthrough progress might be less ambitious than in the past.

Advertising and ...

Now fledgling wins Uniroyal

BY MICHAEL THOMPSON-NOEL

WITH THE advertising business in relative ferment and the *economy* at least said to be stirring, 1977 is proving a *banner* year for many agencies. One which is certainly going places is the fledgling Humphreys Bull, which set up *shop on* April 3 with the £1m. Arcade records business as its founding account but has now pushed its billings to £2.5m. with the acquisition of Uniroyal's £500,000.

Earlier this month the agency took Waddington's £300,000 from McCann-Erickson, and now has eight accounts and a staff of 17, although that is being expanded to cope with new business gains. The Uniroyal business came from Graham Gillies and Warwick.

The men who formed Humphreys Bull are Richard *Humphreys, 33, ex-Saatchi's* and Roe Downton, who says it was *always his intention to run his* own agency; and Stuart Bull, 32, ex-Garland Compton, Dorland's, and David Williams and Ketchum.

Richard Humphreys said this week: "There is considerable activity at present: plenty of accounts are on the move, and *plenty of people are switching* jobs. In retrospect we couldn't *have picked a better time to* launch an agency."

Another agency doing well is the five-year-old McCormick Richards. This week it was named *to handle the £150,000 Leyland* Tractor account—its third piece of Leyland business this year. Since January, McCormick Richards has been handling the £700,000 Leyland Truck and Bus account to which it recently added the Leyland Scammel business for total Leyland billings approaching £1m.

Other gains this year have included Guinness Overseas, ITT's Ashe Laboratories, Airwick and Nuttall's Mintoes from an existing client, Callard and Bowser. Managing director Michael Conroy said last night that the agency's billings were now £9.5m. compared with last year's £5.7m., and that the £10m. mark would easily be reached soon.

A third agency clearly on *the* move is KMP Partnership which has just taken the £600,000 Gallaher's Manikin cigar account *from Ted Bates, the agency which* created the celebrated Manikin girls. Sad to relate but the girls are being retired in favour of a more abrasive, competitive approach to suit the price-sensitive small cigars market. KMP, which already handles approximately £1.4m. for Gallahers, in*cluding Winston, thus passes the* £10m. billing mark. Bates continues to handle the Condor, Clan, Holland House and Senator accounts for the tobacco company.

● FOOD FROM FRANCE, reacting to growing U.K. wine consumption and the related increase in rival advertising, plans to double its budget for Appellation Contrôlée wines next year to £350,000, making AC wines one of the most heavily and consistently advertised generic product areas in the drinks market. TBWA, the agency that developed the elegant AC ads two years ago, expects that new regions will be added to the current campaign for Bordeaux Alsace and the Loire and that the extra spend will be aimed at a wider target audience. TV may be tried for the first time.

● POLYCELL has picked Michael Bungey and Partners to handle its Moltofill product range. Total marketing expenditure on the Moltofill brand next year is likely to top £1m. Lintas remains the company's main agency for existing and new products launched under the Poly*cell name.*

● BY YEAR'S END, Van den *Berghs will have spent a record* £509,000 in IPC's women's maga*zines—more* than double last year's £235,000. The major investment has been behind the company's margarines, Blue Band, Outline, Flora and Echo. Originally, the arrival of ITV led to a fall in Van den Berghs' *involvement with magazines,* but it has returned strongly in the *past three years, says IPC.*

● FREEMAN MATHEWS and Milne, which recently took over MacKay and Partners, has added three new accounts: Lee Jeans U.K., A.C. Cars and Carousel Holidays.

● *TO ADVERTISE* the new Heathrow Central underground connection, FCB is planning a TV, radio, Press and poster campaign from December 1. The service is designed to offer a 44-minute connection between Hyde Park Corner and Heathrow with a train every four minutes at peak hours.

● MARSHALL CAVENDISH, the partworks publisher, has formed a new subsidiary solely to publish magazines. Its first launch will be a mass market weekly aimed at 20-45-year-old women. The *first issue* is scheduled for February. The Kirkwood Company is handling the launch campaign at a probable *budget of £250,000.*

● TO-DAY SEES the start of a new national TV campaign for Brentford Nylons. With a media *budget of £253,000,* the commercials again feature Tim Brooke-Taylor. *The agency is Manton* Woodyer Ketley and Partners.

● WITH A CHRISTMAS budget of £350,000 for Press and TV, Ronson is launching its Apollo lighter with colour in the weekend supplements.

● UNIGATE FOODS is to run a TV, Press and poster drive for *St. Ivel Stilton cheese in London,* the South and Anglia. The *budget is £40,000.* St. Ivel brandy butter goes on sale nationally from Monday.

● DAVID McCOLM is new creative director at the Allon Partnership.

● HOVIS has appointed The *Sales Promotion Triangle* to handle below-the-line promotion.

TV: more talk of rationing

AS LORD ANNAN said recently, the ITV contractors' advertising revenues are *running out of* their ears. Latest figures from *the ITCA* show that net ad revenue for the TV companies last *month* rose to £24.57m., a 28.5 per cent gain on the same month last year and a firm enough indication that revenues for 1977 are likely to top £300m. against £231m. last year.

In percentage terms, the network's most surprising revenue gains occurred in the first quarter, when they put on 38.5 per cent to £64.6m. But the fourth quarter is the most lucrative, and the revenue performance *last month means that the possi*bility of airtime rationing is *bound to resurface.*

Indeed, in its latest bulletin The Media Department states quite categorically that with pay restraint in some danger of collapse and the Government already restimulating demand in *preparation for the next elec*tion, "It seems inevitable that we shall see some airtime rationing in the peak advertising periods next year. In these conditions, and with rate increases continuing to be held in check by price restraint, airtime demand will progressively overtake supply until a second commercial channel is opened."

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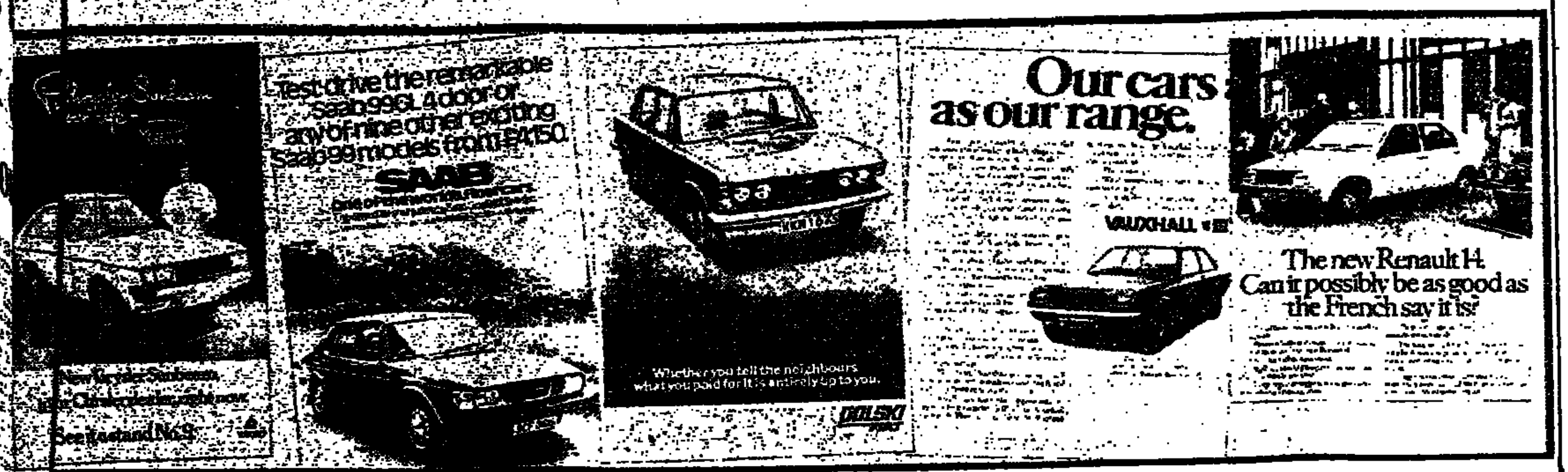
The Marketing Scene



The car makers' £30m. catalogue

By MICHAEL THOMPSON-NOEL

THE SEER complexity and their mammoth investment in manufacture—the car programmes—how good is the car industry at marketing and advertising its products? It spends enough, certainly—nearly £30m. a year on U.K. car advertising alone. But are the car makers really in touch with the market? Do they know how to talk to their consumers?

These were among the questions considered at an IPA Society meeting in London this week. First off the grid was Cedric Scroggs, ex-Cadbury Schweppes marketing director and now in charge of marketing, advertising and promotion at British Leyland, who didn't seem too happy with current trends in car advertising.

Anyone who had spent any time marketing consumer packaged goods, said the man from Leyland, knew that the principal aim was to make relatively mundane products interesting to the consumer.

Unfortunately, many motor car advertisers contrived to make an interesting product mundane. "I may be biased because in British Leyland it is the first time that I have ever come across a public relations department whose main job in life was to keep the company out of the Press. But uninteresting and unattractive advertising isn't just an insult to our consumers, it's also a waste of money and it takes the fun out of our business."

Not that car advertising was a simple process. Brand loyalty among car purchasers was extremely high, so that a very high proportion of new car sales—typically, 50 per cent.-plus—went to consumers who were simply replacing a model of the same type or at least of the same make.

Clearly, in the case of a totally new launch of a new model or even of a new manufacturer, there was no ownership base on which to build and attracting business from rival manufacturers was the whole point of the marketing programme.

But the bulk of car advertising involved cars which were already on the market, and the main purpose of most ads was not to convince those who had never owned a particular car of its particular merits but to reassure those who were already favourably disposed towards it that their judgment was correct.

The next main job of a car marketer was to sustain velocity of demand across the whole market. In any given year, at least twice as many used cars were bought as new cars, so that advertising had an important role to play in maintaining the desirability of yesterday's models. On average, private buyers replaced their cars once every 2.6 years and company or fleet buyers once every 2.2 years. As a result, there were a vast number of one-owner, good-condition, 20,000-mile, two-and-a-half-year-old cars flooding onto the market each year. Unless the velocity of demand for used cars was maintained, the whole system seized up.

An important consideration for advertisers was that they were not competing only with rival car manufacturers. In the company sector, manufacturers were competing with rival investment projects and calls on cash flow. For the private buyer, the cash to be laid out on the replacement of a family car could often be spent more attractively on a holiday or redecorating the house.

As for the style and tone of many car ads: "We are rapidly turning our advertising into competing catalogues specifications, describing in massive and boring detail every last entirely conventional feature of our little cars, and in doing so we are partly missing the whole point of the decision to purchase a car.

"In the process, the consumer, the user, the driver and his family are totally forgotten. The very real benefits of owning and using any motor car are lost sight of, and the advertising seems to be attempting to do a job which ought to be done in the showroom by the salesman, or in the home by the catalogue, or very well indeed by the motoring magazines in their extremely good road tests. We're so far away from selling the sizzle that we're now not even selling the sausage—we're describing in great detail the composition of the skin."

If anyone *still* thought the marketing of cars was child's play, Michael Rowe, director of marketing for Chrysler U.K., reminded his audience of some of the prime differences between the problems facing car manufacturers and those facing producers of more typical consumer goods.

The car makers sometimes worked to a time scale of ten years between the definition of the need for a new car and its production; the product range was small and there were many similarities between cars competing in the same segment of the market; product life was short, and the huge investment needed for car manufacture could only be compared with that of the aircraft industry.

John Springate, U.K. advertising co-ordinator for Renault, explained his company's policy on research and why he thought that a general lack of understanding of what potential car buyers really wanted to know often encouraged manufacturers themselves notoriously product- rather than consumer-orientated, to use their ads to talk to each other.

"While important in some instances not everyone is interested in torque, DIN BHP figures or limited slip differentials. We must talk to consumers in their own language."

As an importer Renault had made considerable use of TV as the quickest and loudest method of achieving awareness and thus combating the valuable free PR handed out to Ford, Chrysler and Leyland via Press editorial coverage and TV news.

"Press is not as intrusive as TV but because people are interested in cars and *read* car ads, Press works better for cars than many other lower-interest product areas. . . If there is a disadvantage for cars it is the difficulty of getting across the 'personality' of a car in what is purely a static medium."

The question of personality was developed by the fourth speaker, Robin White, creative director of Euro-Advertising and the man who nurtures the Audi account.

He offered these pointers: (1) A car was more than the sum of its parts: it was vital to discover its personality if it was to be advertised well; (2) Brand status should be created from reality, not rented from sunsets; (3) The customer could not be told too much but he could be told too little; (4) Use comparative advertising to build your own product's image, not destroy someone else's; (5) Do justice to the product; laziness is the enemy of good car advertising; (6) A good car can compensate for a bad ad, but not vice versa.

Mr. White didn't sound impressed with the bulk of British car advertising. Either his guidelines were wrong, he said, or most car ads were not hitting their targets.

Guarding hard-won sales

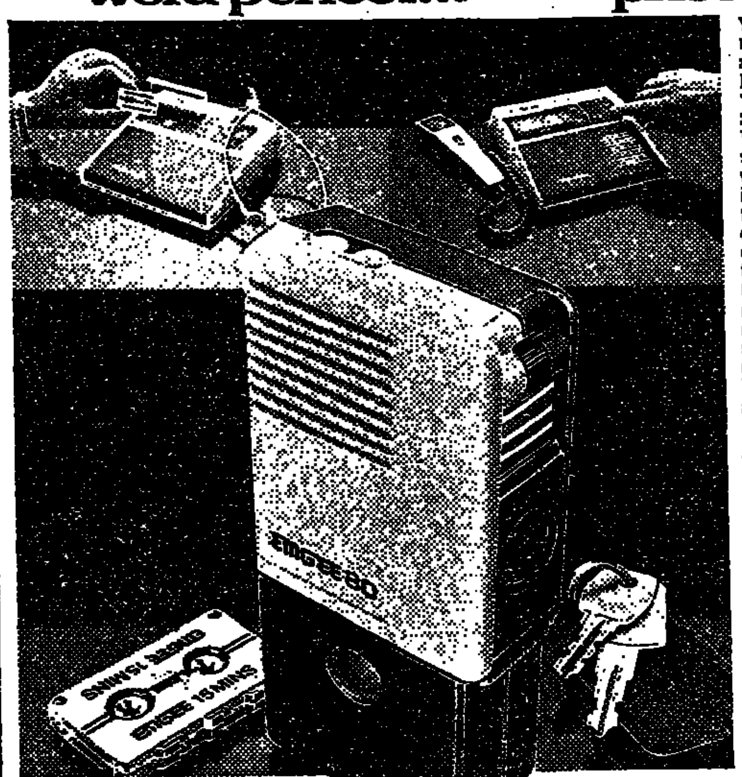
CUTBACKS among the sales force of many consumer goods companies in recent years are beginning to focus attention on an unexpected outcome: the problem of vacant sales territories. Time was when companies could field reserve salesmen quickly, or draft in part of the latest intake of trainees.

But these reserves are getting scarcer. The problem of vacant or understaffed territories is often made worse when resignations occur, for new recruitment can take up to two or three months. Not surprisingly, more and more companies are developing fall-back techniques to try and protect hard-won sales and shelf space.

A recent survey of 32 major U.K. companies by Sales Force, the contract selling organisation, to assess the scale of the problem and establish what companies considered the most effective remedies, indicates that on average these companies face as many as 395 vacant territory weeks in a full year.

The main reasons for these lost weeks are annual holidays (250), sickness or accidents (91), training (37) and resignations or retirements (13).

The action taken by the 32 companies—mostly a combination of remedies—indicates that 81 per cent. rely mainly on adjacent area representatives, even though they recognise that a representative's own territory may suffer as a result; 62 per cent. utilise telephone selling; 56 per cent. rely on the area manager standing in; 25 per cent. use contract sales representatives; 25 per cent. can still field some fulltime reserves, and 19 per cent. make use of internal staff and mail coverage.



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Flexibility in action

THE PRIME Minister, harassed by firemen whose strike has already lasted longer than the Government can have hoped, made a tough speech yesterday to the electricians, whose moderate leader had just made it clear that his members were quite unwilling to settle for 10 per cent.: he made the speech, by coincidence, just as Mr. Len Murray was again making it publicly clear that the TUC had not given its support to the official 10 per cent. guideline. Mr. Callaghan's basic message was that the Government was standing firm on pay to secure better living standards for everyone and that it had a special responsibility to stand firm in the public sector because a retreat here would be immediately followed in the private sector, leaving the anti-inflation policy in ruins.

He admitted in the course of his speech that there was now a marked tendency for the 10 per cent. to be interpreted as a permissible increase in basic wage rates rather than earnings: that is the fault, conscious or unconscious, of Ministers themselves. He laid less stress on the fact that 10 per cent. is being commonly regarded as a flat minimum increase rather than an intended average outcome, with some groups of workers getting more and others less. Ministers have in fact been behaving, despite their failure to win TUC agreement, as if we were in a Phase Three similar to Phases One and Two, with the Government laying down an overall norm.

No choice

That was unwise. Apart from the general fall in living standards, protracted wage controls have so compressed differentials and penalised some groups of workers at the expense of others that there is very great pressure (as well as a strong economic case) for a gradual return to freer bargaining. It was precisely because of this that the TUC was unwilling to go further than recommend that there should continue to be a 12-month interval, as a general rule, between successive wage increases. But having got itself into its present position, the Government will find it difficult to slip out of it without causing an explosion of pay demands in the public and private sectors alike. The number of claims actually settled since the beginning of August is much smaller than usual, almost certainly because many groups are waiting — as Mr. Callaghan suggested yesterday — for the Government to weaken and for large increases, open or half-concealed, to become more common. In the case of the firemen, for example, though there is everything to be said for discussing future hours of work and methods of pay negotiation, the immediate offer of anything above 10 per cent. would be interpreted as a defeat for the Government's policy.

If the Government has now obliged itself to defend an unnecessarily rigid line in the case of public sector pay awards, however, there is no reason why it should make the same mistake in the case of monetary policy, which is the necessary foundation for all its efforts to get inflation under control.

Money growth

The latest bulletin of the London Business School, arguing that the sterling exchange rate should have been allowed to rise long before the huge inflow of funds from abroad forced a free float, suggests that the decision to float will not automatically put things right. It expects some sharp rise in short-term interest rates: yet, though in general it is opposed to loosening monetary guidelines, it feels that too rigid an adherence to them on this occasion would be a mistake. Its reasons, briefly, are that the growth guideline was originally set on an artificially low base, that its breaching is mainly due to the mistaken decision to peg the exchange rate, and that the cost of getting back into line in the closing months of the financial year might be excessively high. The sooner, in fact, the Government can secure IMF approval for moving over to a more flexible system of achieving its monetary targets the less disruptive its policy is likely to be.

Managers and unions

THE DECISION by the Board of British Aerospace to withhold recognition from non-TUC unions and staff associations raises an awkward issue of which a great deal more is likely to be heard. British shipbuilders may well follow the same course, but the problem is not confined to the nationalised industries. There are two conflicting considerations. One is the view that, in the interests of good industrial relations, the number of bargaining units in an enterprise should be kept as small as possible. The other is the right of employees to be represented by the union or association of their choice: if senior managers or professionally qualified engineers wish to join a non-TUC union which does not include shopfloor workers within its ranks, they should be free to do so.

Protection

Over the last few years there has been an increase in union membership among managers and professionally qualified people; this has reflected a sense of insecurity among middle managers, resentment at being apparently neglected by top management and perhaps a feeling that, in view of the complexity of employment legislation, union membership provides a necessary element of protection.

Much of the recruitment has been carried out by TUC unions, such as ASTMS, the TASS section of the AUEW, and APEX, all of which cover in their membership a wide range of skills and salary levels. But in several industries managers have preferred to join non-TUC organisations which cater more specifically for their needs. The Shipbuilding and Allied Industries Management Association (SAIMA) has been one of the more successful of these; it had negotiated recognition agreements with several of the companies which are now part of British Shipbuilders. Staff associations have been active in the aerospace industry, while in engineering some headway has been made by the U.K. Association of Professional Engineers (UKAPE).

In a rather special position is Mr. John Lyons' Engineers and Managers Association (formerly the Electrical Power Engineers Association), a TUC-affiliated union which has begun to spread its interests outside its original base in electricity supply. If it merges with SAIMA, as is planned, this will have the effect of bringing SAIMA within the TUC fold, but in a union which does not have the shopfloor connotations of the established unions in the shipbuilding industry. Such a merger, however, would not lessen the extreme hostility with which the established unions would regard the introduction of any new bargaining units.

The dilemma which is involved was clearly illustrated in the recent ACAS report on a recognition claim by UKAPE at W. H. Allen, a Bedford engineering company. The Association argued that the group of employees which it wished to represent was definable on the basis of professional qualifications and training. There was no dispute that the overwhelming majority of these employees wished to have their terms and conditions determined through collective bargaining by UKAPE. But ACAS, echoing the views of the Engineering Employers Federation, concluded that a further fragmentation of bargaining arrangements would not be conducive to good industrial relations and that UKAPE's claim should be rejected.

Juggernaut

The common sense view is that there are far too many unions already (often quarrelling bitterly among themselves) and that the industrial relations department's job would be made impossible if there were any more. But how much weight should be attached to the rights of the individual? It is surely questionable whether nationalised industries, private companies and ACAS are justified in smoothing the way for the TUC juggernaut to ride roughshod over everyone who finds membership of a TUC union distasteful or unacceptable. If managers want to join a union which in their view represents their interests effectively, they should not be forcibly prevented from doing so.

Detroit caught in a $20bn. squeeze

BY JOHN WYLES, in New York

Ralph Nader

THE MOTOR industry engineer walks these days with a new spring in his step. After decades of being confined to an important but often cosmetic role, he has been pitchforked into the front line of Detroit's battle to comply with a seeming flood of Government regulations.

With unintended irony, Washington has turned, on its head, Charles Wilson's famous line about "what is good for General Motors is good for America," and decreed that what it thinks is good for America will have to be good enough for Detroit. In the past five years, the politicians and administrators have heaped a set of regulations on the motor industry which embody America's pre-occupations with air pollution, energy conservation and vehicle safety.

The result is something like the children's puzzle where numbers have to be joined up in order to reveal the shape of a dog, cat or motor car. In important respects the American motor car is now being designed in Washington and Detroit's task is to thread the regulations together into a shape which can be manufactured at a profit and successfully marketed.

At the moment — one of Detroit's complaints is that Washington keeps re-writing the scenario—the "job" falls into three categories. First and most difficult is the development of a string of new and redesigned cars to comply with a Federal law which says that the average fuel consumption of the fleet of cars sold by each manufacturer must improve from 18 m.p.g. in the 1978 model year to 27.5 m.p.g. in the 1985 model year.

At the same time, these cars will have to comply with increasingly tight emission regulations which require equipment which tends to reduce a car engine's efficiency and increase its fuel consumption. Added to this are new safety standards demanding "passive restraint" systems (air bags and automatic seat belts) from 1982 which are as yet largely technically unproved, and which will initially push up the price of American cars by at least $200.

The total cost of dancing to Washington's tune could well be of the order of $20bn. which will have to be raised during a period when market growth may average no more than 3 per cent. a year. Moreover, this revolution in American car manufacturing will have to take place when the industry is under greater pressure than ever from imports, particularly from Japan whose car makers are succeeding brilliantly in producing competitively priced medium- and small-sized cars which are both fuel-efficient and capable of meeting U.S. anti-pollution laws.

However, the car companies still rank imports well down their list of problems and Henry Ford II's recent assurance that foreign cars would be pushed "right out to the shores" reflects a basic confidence in Detroit that the problem can be handled. It is pointed out that since 1973 the imports' share of the American market has ranged from 19.2 per cent. to 14.4 per cent., and though they will be at the top end of this range in 1977, the American industry still does a better job of containing foreign penetration than any other major production country, except Japan.

In a real sense, the import challenge is one they can understand and respect whereas the Big Three are still privately resentful of the regulations foisted on them by the Congress and Federal Government over the past 10 years. They concede that society has good cause for concern about air pollution, and that a regulatory framework to curb it is justified, but they feel that the efficacy of safety systems now being imposed would be better left to the technical judgments of Detroit's own engineers, while fuel conservation would be better achieved through a broad energy policy which left more major decisions to the market place.

In the grumbling undertone which characterises many conversations in executives' suites, senior officials complain that the car companies have been sitting targets for ambitious politicians and for Nader's Raiders (some of Ralph Nader's former aides, such as Mrs. Joan Claybrook are now occupying important positions in the Carter Administration).

Perceptions in Washington have been rather different, and a strongly held view is that the companies' credibility has diminished sadly because they have often protested that various regulations cannot be complied within the timescale provided, and have then gone on to prove themselves wrong.

Privately, some executives will concede that Detroit has not been very good at speaking with one voice and that traditional rivalries and supicions have sometimes impeded co-ordinated lobbying. On the other hand such efforts have been hampered by anti-trust regulations. "Whenever we get together on a Motor Vehicle Manufacturers Association Committee, discussion no sooner starts than an anti-trust lawyer is up on his feet telling us we can't talk about this, that and the other," said a governmental liaison executive at Ford.

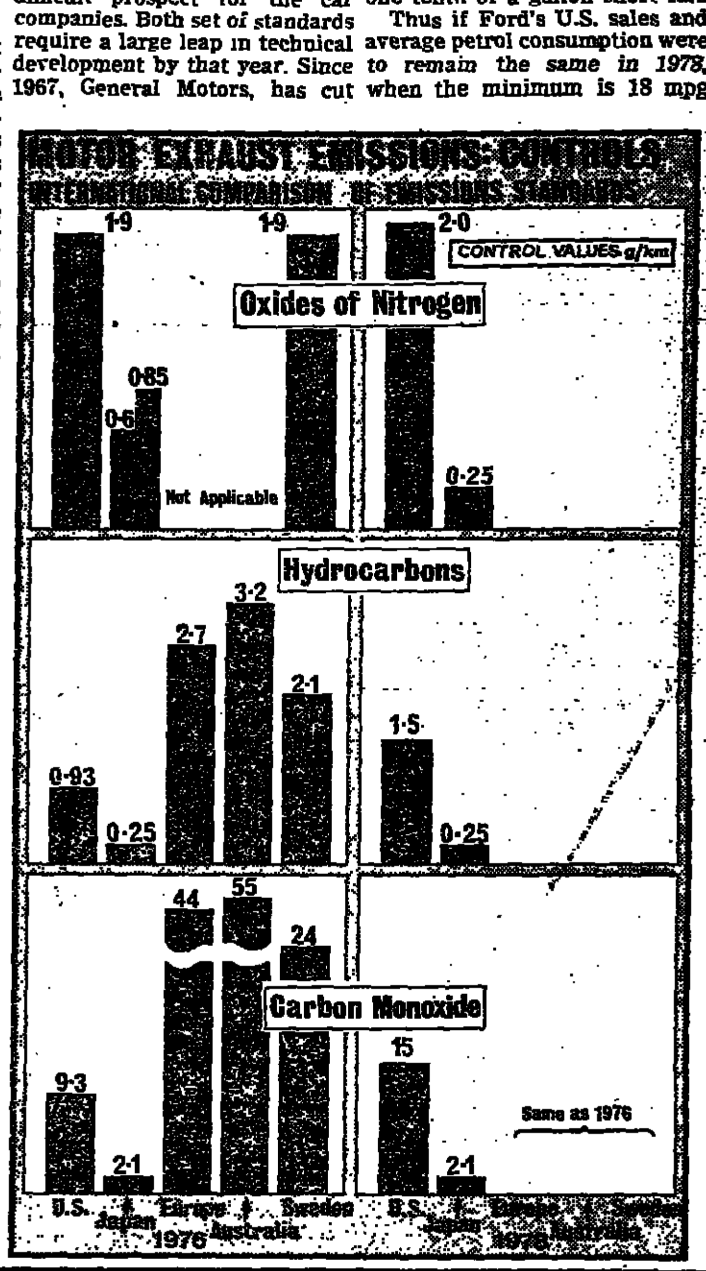
Detroit's all too frequent jousting over Federal regulations came to an absurd climax in August when production of the industry's new 1978 models would have been halted had Congress not agreed to an eleventh hour postponement of tighter anti-pollution regulations.

In spite of the delayed introduction, the new limits on engine pollutants are strict, and, combined with the fuel economy regulations, they make the 1981 model year (20-22 mpg) a very difficult prospect for the car companies. Both set of standards require a large leap in technical development by that year. Since 1967, General Motors, has cut emissions of hydrocarbons, oxides of nitrogen, and carbon monoxide by 89 per cent., 82 per cent. and 51 per cent. respectively. By 1981, the proportions have to be stepped up to 97 per cent., 96 per cent. and 76 per cent., and this final cleaning up operation will be the toughest to accomplish requiring a more sophisticated and more expensive version of the catalytic converter (whose air cleansing powers have surprised and delighted the car makers).

But bearing in mind that there is a fuel consumption penalty for less pollution, the car companies have to make a 2 mpg improvement in the average consumption of their fleets between model year 1980 and model year 1981. Failure to comply will incur a Federal fine of $5 per vehicle for each one tenth of a gallon short fall.

Thus if Ford's U.S. sales and average petrol consumption were to remain the same in 1978, when the minimum is 18 mpg as this year (3m. cars at 16.1 mpg), the penalty would amount to just under $300m. No progress towards the 22 mpg minimum of 1981 would lead to a $825m. fine.

And that is why Ford's capital spending will have jumped from $1bn. last year to $2.1bn. this year, and will then rise to $2.1bn. in 1978 and 1979. According to Mr. Ronald Glantz, vice-president of the New York stockbrokers, Mitchell Hutchins Inc., it is cheaper to meet Government regulations than to pay that kind of fine.



The big three have made impressive progress on the fuel economy front since 1974. General Motors has raised its fleets average from 12 mpg to a predicted 18.7 mpg for the 1978 model year; Ford from 14.2 mpg to 18.2 mpg; and Chrysler from 13.7 mpg to 18.8 mpg. The companies do not wish to pretend this has been easy but the economies have been achieved by doing most of the obvious things — "downsizing" their cars, substituting some plastic and aluminium for steel parts, using more high strength low alloy steel, lightweight glass and by designing thinner doors and seats. In the process, General Motors shaved 700 lbs off its "downsized" full sized cars for 1977 and 600 lbs off its intermediate sized cars.

These reductions in size and weight have been easy to achieve in comparison with the path ahead which lies through a "technical" and financial minefield. Ford calculates that in order to meet the 1985 fuel regulations the average internal weight (including 330 lbs worth of passengers) will have to be reduced from this year's 4,200 lbs to 3,000 lbs. This will probably mean not only another round of "downsizing" its large and intermediate-sized cars but also a much greater use of plastics and aluminium.

For all the companies there are a host of technical problems to be overcome in incorporating these materials into their cars at an acceptable cost to the American consumer. But Mr. Glantz forecasts that by 1985 plastics will be 11 per cent. of a car's total weight, compared with to-day's 3 per cent., while aluminium will be 10 per cent. as compared with to-day's 3 per cent., and the iron and steel component will drop from to-day's 63 per cent. to 50 per cent.

Engine size will also become a critical factor in achieving fuel economies. General Motors is offering a diesel engine option in some of its Oldsmobile models for the 1978 model year, and it believes that a fuel saving advantage of diesel engines could lead to their installation in 25 per cent. of its cars in 1985. At the same time all V8 and in-line six cylinder engines will be dropped in favour of more economical V6 and four-cylinder engines. General Motors also planning a number of front-wheel-drive designs because of the greater interior space they offer.

Detroit is extremely nervous about whether its growth and profits can be maintained with these radically different vehicles which in no way pander to the American drivers' long-established taste for size and engine power.

The 1978 models have been in the showrooms a little over a month now and, in spite of the fact that the smaller vehicles appear to be selling well, some analysts are predicting a mini revolt by buyers who, it is said, will hang on to their old full-sized cars which will remain matched in power and comfort.

If this were to prove of any significance, and if it were added with a possible recession in the U.S. economy — in 1979 or 1980 — then the massive investment programmes earmarked to transform the Detroit car into a Washington artefact could be seriously threatened.

General Motors, which is heading for record profits well over $3bn. this year, could weather such a period, and it is already absorbing a portion of the increased production costs of its new vehicles and is eroding its profit margins accordingly. The 50 per cent. of Ford's profits which come from overseas operations provide an important cushion against a U.S. recession.

But what of Chrysler whose market share is under 11 per cent. and slipping? It has lost a total of $320m. in three of the past seven years and is burdened with several loss-making overseas subsidiaries including Chrysler U.K. Its capital investment need is of the order of $700m. over the next few years, and although the company claims that it can generate virtually all of the cash internally, analysts are revising Chrysler's earnings projections downwards. The possibility cannot be ruled out that some time over the next eight years Washington might have to choose between its panoply of regulations and the prospect of the Big Three becoming the Big Two.

MEN AND MATTERS

Learning in the JET era

All pro-Market parents who would like their children to have a thoroughly European education will be looking for property in the neighbourhood of Culham, Oxfordshire. It is there that Britain's first EEC institution — the Joint European Torus — is to be built: so in obedience to Community regulations, a European school must be opened for the children of the 320 multi-national scientific staff. To make the new residents of Culham village less isolated the children of the locals will be eligible to attend.

It all sounds plain sailing: there is even a former education college now surplus to Shirley Williams's requirements, close at hand, and it will open its doors to the first JET pupils (ages 11 to 18) next September. There is, however, just one murmer of dissent, which concerns the curriculum. The European schools — eight are well established on the Continent — culminate in the taking of a "European baccalaureate"; the standards for this were laid down, seemingly irrevocably, by a gathering of EEC education ministers 20 years ago. A number of educationalists in Britain say that the curriculum is far too orientated towards that of one Community country: France, needless to say.

A leading protester is Dr. William Bonney-Rust, principal of the Hammersmith and West London College. He says: "We were not around when the European curriculum was established. I think it would be far better if the children at Culham took the International Baccalaureate." I admitted total ignorance of that, but Bonney-Rust tells me that it is taken at his college, and at various international schools, such as Atlantic College in South Wales.

At the Department of Education and Science there seems little enthusiasm for a challenge to the Brussels mandarins on this topic. The Board of Governors of European Schools meets next month to confirm the go-ahead for Culham—with the frenchified "bacc" as its crowning gloire.

Perhaps I should add one proviso for parents who happen to be in the anti-nuclear lobby. Culham's JET project will be aimed at producing energy by nuclear fusion: and a place called Harwell is just down the road.

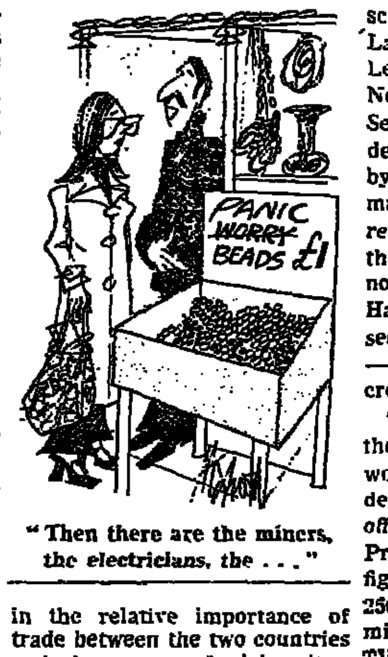
Antipodean attack

The Australian general elections are due to take place in three weeks' time and Prime Minister Malcolm Fraser's Liberal Country Party coalition is gravely embarrassed by the resignation last week of Treasury Minister Phillip Lynch. So I thought I was in for a spot of not-so-subtle "British business is behind Malcolm" type propaganda when I met the new chairman of the Australian British Trade Association yesterday.

Nothing so Machiavellian was in store, although John Oakley, who is also chairman of special steel group Edgar Allen Balfour and toy company Berwick Timpo, did admit to having advised his respective Boards back in 1975 that business down-under would probably pick up if Labor was defeated at the polls. In the event, Labor was defeated. But Australia, for all its immense natural and mineral resources, still remains locked in a stubborn recession.

All of which means that the simpler theories of what is wrong with Australia have taken a knock over the last two years. But what is exercising the mind of Oakley and his dedicated band of Anglo-Australia traders is the decline in the relative importance of trade between the two countries and the means of giving it a boost. British goods now only account for around 11 per cent. of Australian imports, compared to over 25 per cent. a decade ago, and Market barriers have badly affected traditional Australian exports to us.

Part of the problem, Oakley believes, is that the traditional links and, roughly speaking, a common language have led British businessmen and politicians to underestimate the effort needed in marketing, maintaining adequate stocks and personal contacts. He promises a series of seminars and an intense effort to persuade businessmen that more drive in traditional markets like Australia and New Zealand could well yield greater gains than some of the riskier and highly expensive ventures into newer markets, such as Japan.



"Then there are the miners, the electricians, the . . ."

Transports of joy

Party political broadcasts may not be quite the pointless exercises in tedium we weary scribes always make them out. Labour's latest effort, by Joan Lestor, the Party Chairman, Neil Kinnock, MP, and Prices Secretary Roy Hattersley, was described as "pretty dreary" by one senior Transport House man (who must for obvious reasons remain nameless). Yet their sweet nothings produced no less than 200 letters to Ron Hayward, Labour's general secretary, seeking membership —apparently an unprecedented crop.

There is a darker side, though. The party is desperately worried about the steady decline in its membership, officially standing at 659,000. Private estimates put the real figure at little more than 250,000, and some bright spark might reckon that an intensive TV diet of "party politicals" may be just the thing to reverse the trend. You have been warned.

Big daddy

After a lifetime of service, super-bull Apollon has been put down this week in Staffordshire. For eleven years he was the unique centre-piece of an artificial insemination centre which has produced 80,000 calves in British beef herds, and untold thousands more abroad as the result of barely visible exports. Apollon came from France at the age of one—a Charolais from Nievres. A shamelessly mawkish obituary from the Milk Marketing Board says he had "been showing the effects of old age for some time."

It is said that before he left France he was lucky enough to come into direct contact with the other sex in the time-honoured way.

Observer

ONOMIC VIEWPOINT BY SAMUEL BRITTAN

A real boom but nothing to crow about

large part of the postwar economists had a good the forces affecting out- d employment. They could course answer funda- questions about the why some countries had lower growth rates than but they did appear to stand the reasons for term fluctuations around tablished trends.

en when the monetarist re- first appeared, the posi- did not change all that ally. An acceleration in tary growth first boosted demand, output and employ- but afterwards was dissi- in inflation if an attempt made to run the economy low the sustainable (or so- "natural") rate of un- oyment.

even this synthesis is rafing. A monetary boost t be relied upon these to give output and employ- even a temporary lus, now that its eventual ts are so quickly antici- in the foreign exchange et, the securities market— I suspect increasingly in labour market itself. The it is that, in sharp contrast the first two postwar des, some of us have at a rough idea of what deter- inflation and exchange but lack a satisfactory ry about output and loyment.

et it is necessary to form a on the basis of whatever bits of theory and rules humb are still found to be able. The tool I have found unreliable is that of the money supply—by which is nt the published rise in the ey supply divided by the in- on rate. When the real ey supply is falling, not igh funds are being put into the system to sustain existing economic activity. When it is rising there may be an expansionary influence at work.

The chart of the real money supply (previously published in this column and available monthly in the Greenwell Monetary Bulletin) predicted, with a lag of only a very few months, the Heath boom of 1972-73, its petering out in 1973-74 and the subsequent three years of depressed activity and rising unemployment.

No snag

Now this indicator has turned sharply upwards. The published rate of inflation is still 14.1 per cent. on a 12 months comparison of the retail price index. *But on a six months basis, omitting seasonal foodstuffs, the inflation rate in October has already dropped to a 9.8 per cent. annualised rate, that is single figures.* As this is not a Healey statement, there is no need to look for a snag in it. Over the same six months to October, the money supply ("sterling M3") has risen by over 14 per cent., *giving a real increase of over four per cent. to stimulate activity.*

Everything, including wholesale price and Price Commission notifications, indicates a continuing fall in the inflation rate for at least a few months. By contrast, the money supply is likely to continue rising at a faster rate well into 1978.

If the rise in the real money supply were mainly the result of a monetary explosion, I would not expect it to be a good indicator of future real growth —the one time when it was misleading was during the incipient explosion of mid-1976. But in spite of the present bulge, money supply is still basically under control if only just, and the main reason for increased real monetary growth has been the fall in the inflation rate.

As Mr. Patrick Minford, the former and much lamented editor of the NIESR Review, explains in an article in the forthcoming December Banker, there are strict limits to what governments can do to promote real expansion in the present climate of expectations, except to rely on effects of improving expectations about future inflation on the savings ratio and on "confidence." The Ambassador to Washington in a little noticed — because thoughtful — speech to the Detroit Economic Club on November 14, rubs in the same point by means of a hypothetical example from a U.S. which discovered that the Rocky Mountains were made of solid gold.

The favourable portents provided by the real money supply and falling inflation are confirmed by other indicators. The CSO's *composite* of larger leading indicators has been rising continuously throughout 1977. The unprecedented drop *in short term interest rates,* signalled by the fall from 15 per cent. to five per cent. of MLR, must surely be a major stimulus —not only to stockbuilding but also to home construction. This *is so, even if as is likely,* MLR were to rise a couple of points.

More controversial are the signs of a major increase in profits — admittedly from a depressed level. Earnings have risen by only 7½ per cent. over 12 months on the new index; and wage costs in 1977 have, according to Treasury estimates used by the Chancellor in a Commons speech of November 10, increased no faster than those of our competitors.

The Treasury's official forecast is of 3½ per cent. growth between the second halves of 1977 and 1978. On the Chancellor's estimates productivity growth will be only 2½ per cent. (including a ½ per cent. coming from North Sea oil) — a splendid triumph for the industrial interventionists of all parties who arrived in the saddle since the early 1960s full of fury against the "low" 3 per cent. productivity growth which then prevailed. Now that productivity is still lower, the Chancellor's advisers believe that the forecast growth rate can support a ½ per cent. increase in the labour force and still absorb some of the unemployed later on in 1978.

In spite of OECD's recession-mongering, I think that real growth is likely to be higher rather than lower than the official Treasury forecast—because of the underplaying of financial and confidence variables in the official appraisal. The September and October unemployment and vacancy figures suggest very tentatively that the demand for labour has stabi*lised and that output growth* has accelerated. A similar change of direction is expected by the London Business School, but of somewhat smaller dimension with more demand being deflected to imports. The U.K. growth rate can improve for a time even if world growth declines.

(There will in any case be a purely *statistical boost* of nearly 1 per cent. to the growth rate in 1978, because of the re-basing of the GNP price deflater on 1975 instead of 1970 weights. *But it would be cheating to* allow for this in any assessment.)

But even on my more optimistic interpretation there is nothing about which to crow. The recovery now projected takes place after four years of no growth at all from 1973 to the middle of 1977. Nearly all other industrial countries that have also suffered from the price explosion and world stagflation (but without North Sea oil) have done better in real growth. And looking at *changes* (in figures which are not easily comparable) the U.K. has done worse than most on unemployment too (all this is documented in the Treasury's November *Progress Report).*

But there is a further reason for not jumping up and down too excitedly over the prospective recovery. This is that the actual course of wage settlements and the Government's plans for the money supply are on a collision course. The London Business School forecasts that earnings growth will accelerate from 7½ per cent. to 15 or 16 per cent. in the course of next year.

Normal drift

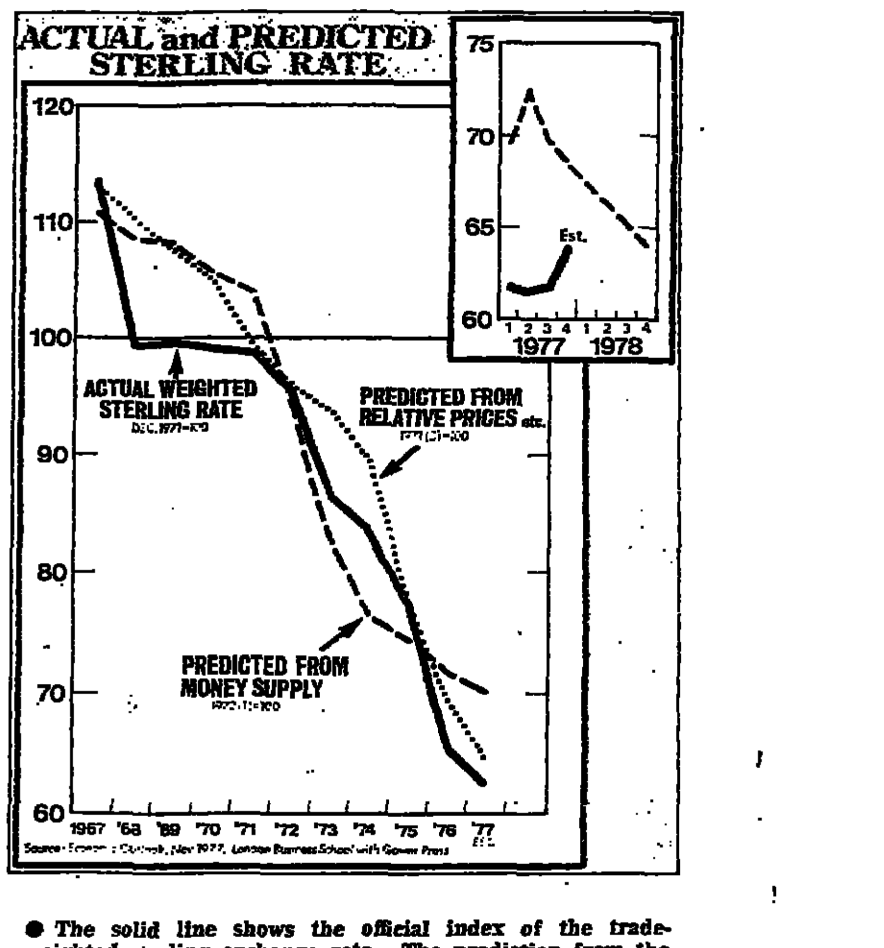
This is certainly *consistent* with the 10 per cent. norm for settlements after allowance has been made for normal drift, minor slippage and so-called productivity deals. Indeed this is the Treasury's own view; and the dissenters there fear higher rather than lower increases. This development is taking place because of, not in spite of, the pay policy. The latter is raising the average level of settlements by making what is a very high norm into a minimum and putting a ridiculous spotlight on any breaches. ("In what other *economy would the outlook* appear to hang on a firemen's dispute?" asked a leading American economic troubleshooter.)

A 9 to 13 per cent. monetary target is, after allowing for normal growth, consistent only with single digit inflation. A 15 per cent. plus rate of increase of earnings is consistent only with double digit inflation at an exchange rate which maintains competitiveness.

How will the dilemma be resolved? In the short term the velocity of circulation, which has already fully recovered from its dip in 1973-74 could rise further. But velocity will not rise indefinitely; and if earnings expand rapidly, while profit margins are squeezed by a strong exchange rate, unemployment will start rising again. Eventually either the monetary guidelines will have to be abandoned or revised upwards, or the rise in earnings will have to taper off, or workers will be pricing themselves out of jobs in a major way.

But I do not expect this crunch until late 1978 or perhaps even 1979. The pound is still below what would be expected from money supply considerations; but because of North Sea oil could in 1978 rise temporarily above that level; and I would expect the Government to offset the potential threat to employment by finding some pretext for increasing or redefining the monetary limits.

If this route is taken, the drop into single digit inflation will be temporary and even the boom in real activity would peter out by the winter of 1978-79. The only prospect for something better would be not merely overall wage moderation—the need for which is if anything overstressed—but a more flex*ible labour market in which* relative wages responded more quickly to supply and demand.



● *The solid line shows the official index of the trade-weighted sterling exchange rate. The prediction from the money supply assumes a 2.5 per cent. per annum gap between British and world average real growth rates; that U.K. prices have had to grow at nearly 1.6 per cent. less than the world average to maintain competitiveness; and that the demand for money grows 1.2 times as fast as the growth of output. On these assumptions the U.K. money supply has to grow nearly 5 per cent. less than the world average to maintain competitiveness at a constant exchange rate. The prediction from relative prices allows for difference in inflation rate (measured by consumer price) adjusted for the extra 1.6 per cent. per annum differential historically required to maintain competitiveness.*

Letters to the Editor

International textile trade

From the Director, British Textile Confederation.

Sir,—You report (November that pressure by the United tes administration "is bound stiffen the opposition of ex- ting nations to accepting the 's terms" in the bilateral le negotiations now being lucted in Brussels.

itervention of this kind d have grave repercussions the future balance of inter- onal trade. A prerequisite the renewal of the multi-fibre ngement at the end of this is the conclusion before of reasonable bilateral ements between the EEC its overseas suppliers. If e agreements are delayed ndermined by intervention outside, the EEC will have ption but to introduce uni- al measures from January 978, a development which no wishes to see.

is surprising that the U.S. able to apply these reported ures in view of its own rehensive system of import ations. Imports of textiles clothing from developing tries account for only about cent. of total input into the domestic market, compared over 23 per cent. in the and Germany, 17 per cent. aly, and 13 per cent. in e.

e EEC's objectives in these iations is to establish a balance of opportunity in national trade in textiles clothing. It is offering a nued guaranteed and grow- ccess to its market for the oping world as a whole, but more restrained rate of h than in recent years, with a larger opportunity for smaller and most needy ries. *This not ungenerous* ach must be viewed against ckground of a depressed stic market demand, and a ve rise in imports over the ew years, far in excess of ing envisaged when the nt MFA was negotiated four ago.

short, the EEC's approach res support, not obstruc-

cArthur.
ictoria Street, S.W.1.

es, damned s and . . .

the managing director, es Data Services.

—We are all in for a very time. Any reference to Earnings Index, either the new version, as a measure ne levels of negotiated es in wages or salaries last June, is bound to be ided. The Earnings Index, has often been so useful, ortunately calculated with- egard to the number of ments, and much worse, ut excluding back pay for backdated settlements.

re have recently been very settlements delayed for months, three months, two ts or one month, so when figures appear in the Index ey will shortly, it will erate enormously what has ned. Next month, and bly in November and iber, the Index will go through the roof.

s is so serious that the tment of Employment l either deliberately cook books or suppress the s. It is through no fault ybody that the calculations these months will pro- nonsense. Unfortunately, mage does not stop when these three months are over. After that the figures will distort all comparisons made on an annual basis right through until the end of next year.

David Layton.
140, Great Portland Street, W.1.

Unfairly sacked

From Vivika Mortensen

Sir,—It was with incredulity that I read the report from your Parliamentary Correspondent under the heading "Minister probes effects of unfair sacking procedure" (November 22). The term "wrongful dismissal" is frequently used instead of "unfair dismissal." It seems that there is some confusion in the understanding of the meaning of the two terms.

Wrongful dismissal involves ending employment without giving the correct periods of notice (or money in lieu thereof), holiday entitlements and pension refunds, etc., and is a matter for the civil courts. Unfair dismissal is concerned with the reason for dismissal and the manner in which it is carried out. Unfair dismissal cases are dealt with by Industrial Tribunals.

Vivika Mortensen
(Information and personnel advisory services).
The Industrial Society,
P.O. Box IBQ.
Robert Hyde House.
48, Bryanston Square, W.1.

Tax allowances on travel

From Mr. A. Jamieson.

Sir—The recent correspondence in your columns re tax allowances for travelling to and from work has been most interesting for I have been trying to get this matter taken up by my staff association to the TUC but to no avail.

Over the past years successive governments have exhorted people to be mobile and change jobs but *have never been prepared* to accept the financial problems that these exhortations have produced. At the same time the public transport system has been slashed, particularly in *the rural areas,* fares have rocketed, cost of petrol doubled and housing costs have increased.

In these circumstances it is only right both morally and materially that the expense of getting to and from work should be allowed as a deduction for income tax purposes. This need not entail a lot of work for the Inland Revenue and any scheme would need to be simple and give rough justice, that is flat rate allowances for different distances:

	p.a.
1— 5 miles per day ...	£40.00
6— 15 „ „ „ ...	£80.00
16— 30 „ „ „ ...	£160.00
31— 50 „ „ „ ...	£200.00
51— 75 „ „ „ ...	£250.00
76—100 „ „ „ ...	£300.00
101 & over „ „ „ ...	£350.00

Such an allowance would increase people's take-home-pay and would thus help to reduce the demand for large pay rises.

A. D. Jamieson.
1, Broadlands Avenue,
North Petherton,
Bridgwater, Somerset.

Elephant in the row boat

From Mr. F. Waddams.

Sir,—The director of the Cambridge Department of Applied Economics asks you to explain (November 22) why an appreciating exchange rate, if bad for Japan, should not also be bad for the U.K. One answer, it seems to me, is simple and obvious.

It is that this country is far more import-dependent (except now in energy sources) and import-prone than is Japan. Of the complex effects of a depressed sterling exchange rate, the following is of over-riding importance. As a nation we thereby run a continuing bargain basement sale and buy our overseas supplies at top prices. No business can survive for long if it operates on these principles.

Their effect is a fall in the productivity of our labour (the marginal revenue product of our exports), and hence of labour's real earnings. Resistance to a fall in real wages manifests itself in the industrial unrest that is observed here to-day. It spreads throughout the private and public sector and is considered by many to be the predominant element in our poor economic performance.

The vicious circle is grossly magnified by the movement of international liquid funds (hot money) which swamp and efface what might otherwise have been modest and self-correcting exchange movements. These liquid funds have been aptly described as the "elephant in the row-boat." In addition, intervention by the authorities in the exchange market to keep down the sterling rate ensures maximum profits for the owners of these foot-loose funds, again at the expense of the U.K. economy.

The director and his department have the prestige and resources to impress the Government and others with the wisdom and correctness of their analyses. It is a tragedy when, if these are wrong, economic policies are pursued which, far from improving our condition, actually impoverish the country; and this to a point where the most stable and mature democracy in the world appears to outside observers to be tearing itself to pieces.

F. C. Waddams.
School of Management Studies,
Polytechnic of Central London.
35, Marylebone Road, N.W.1.

Business code of conduct

From the Chairman, Institute of Purchasing and Supply.

Sir,—The purchasing and supply profession strongly supports the moves to be considered by the International Chamber of Commerce towards establishing a world-wide business code of conduct (November 17).

As far as the U.K. is concerned a key factor in the success of such a code will be the staunch backing of the CBI and particularly the ability of its members to assert themselves when confronted with situations where they have to deal with patently corrupt practitioners abroad, and where important orders are at stake. Reports of "kickbacks" and bribes demanded by certain overseas agencies are all too frequent, and the scale of money involved, which will never be known, is probably frightening. Any such code, however, will be ineffective until it receives the endorsement of all nations transacting business, and unless the prescribed controls are sufficiently positive.

Industrial buyers in the home market are deeply concerned to ensure that business malpractices should be outlawed in both domestic and international trading environments. Quite apart from the matter of professional ethics, if the cost of sales to one party includes a "kick-back" it has to be offset either by a reduction in net profit or by being passed on to someone else.

J. R. Gammon.
York House,
Westminster Bridge Road, S.E.1.

Car road licences

From Captain D. A. Wergan.

Sir,—Can something be done to speed up the work done by the Road Licence Department at Swansea? I completed the necessary forms for the registration of my car 14 days before the expiry of the old licence—about five weeks elapsed before I received the new Road Licence—during which time I became, inadvertently, a law breaker, in using my car without being able to display the new licence.

In former days I could always get a new licence on demand from the appropriate county council or the Post Office.

In the interest of efficiency and *economy* I suggest the closure of the department at Swansea and reversion to former methods of issuing car licences.

D. A. Wergan.
29, Woodhurst Lane,
Oxted, Surrey.

Travellers' time

From the Chief Executive, Hertfordshire Chamber of Commerce.

Sir,—Using Mr. King's route to Heathrow (November 19), consider the journey of a business traveller to Europe from the north London/Hertfordshire/Bedfordshire area: Car to local station. Train to London terminus, then taxi or tube to Waterloo. Train to Feltham and by special 'bus to Heathrow—and all this by 7.30 a.m. to reach Brussels in time for a 10.30 a.m. appointment. When the new Heathrow Piccadilly underground comes into operation, the time taken to complete the latter three stages of the journey will be reduced to about one hour

Using the proposed new daily charter service which Hertfordshire Chamber of Commerce is planning to operate between Luton and Brussels—subject to Civil Aviation Authority approval at a public hearing on December 21—the same traveller would leave home at around 7.30 to be in Brussels in time to keep the same appointment.

The proposed new service is not designed to save on the cost of the current economy return fare—but the financial saving in terms of valuable travel time will be considerable.

David W. L. Eccles.
Andre House, Salisbury Square,
Hatfield, Herts.

A very real figure

From Mr. J. Scott.

Sir,—I agree with Mr. Walter Dingwall (November 21); 98 per cent. tax on investment income is not only real, it's a killer. So is 83 per cent. on earned income. That's *no excuse for getting it* wrong, however. And what's the point? The grossed-up cost of anything bought out of earned income taxed at 83 per cent. is incredibly high as it is. And *that, dividends or no,* is what Alf Gooding was talking about at Brighton.

John Scott,
John Scott and Partners,
Imperial House, Hampton Wick,
Kingston-upon-Thames.

To-day's Events

GENERAL

Council of Europe Ministerial meeting, Strasbourg.

Polling day in Bournemouth East by-election.

Mr. Len Murray, TUC general secretary, addresses Electrical, Electronic, Telecommunication *and Plumbing Union annual conference,* Blackpool.

EEC Agriculture Ministers and its Agriculture Commissioner begin five days of meetings in French West Indies at invitation of French Government.

Prince of Wales visits London headquarters of Lloyd's Register of Shipping, Fenchurch Street, E.C.3, and later attends Printers' Charitable Corporation dinner, Connaught Rooms, W.C.2.

Professor Alan Walters, Cassel Professor of Economics, University of London, gives Wincott Memorial Lecture, "Economists v. the British Economy," at London School of Economics, W.C.2.

Final day of Financial Times conference, "Price Policy and the Role of the Price Commission," Royal Lancaster Hotel, W.2.

Sir Derek Ezra, chairman, British Institute of Management, addresses conference of its Branch chairmen and secretaries, Bloomsbury Centre Hotel, W.C.1.

PARLIAMENTARY BUSINESS

House of Commons: European Assembly Elections Bill, second reading. Motion to approve new Highway Code.

House of Lords: Northern Ireland Emergency Provisions Act Amendment Order. Criminal Law (Amendment) Northern Ireland Order. Motions on European *Communities* (Definition of Treaties) Orders. Education (Northern Ireland) Bill, second reading.

Select Committees: Race Relations and Immigration. Subject: Government assumptions about potential immigration. Witnesses: Immigration Control Association (4.45 p.m., Room 15). Nationalised Industries (sub-committee B). Subject: British Steel. Witnesses: Treasury *(2.30 p.m., Room 8).*

OFFICIAL STATISTICS

Car and commercial vehicle *production* (October, final). Capital expenditure by manufacturing, distributive and service industries; and manufacturers' and distributors' stocks (3rd quarter, provisional). Energy Trends publication.

COMPANY RESULTS

Akroyd and Smithers (full year). Borthwick (Thos.) and Sons (full year). House of Fraser (third quarter). Imperial Chemical Industries (third quarter). Renold (half-year). Robertsons Foods (half-year).

COMPANY MEETINGS

Ductile Steels, Willenhall, 3. Great Universal Stores, 20, Aldermanbury, E.C., 12. Jokai Tea, Winchester House, E.C., 12.

COMPANY NEWS + COMMENT

Scrap recession hits London & Northern

FOLLOWING A change in status of a former subsidiary and a £1m. reduction in the profits of its scrap reclamation interests, taxable profit of London and Northern Group dropped £1.55m. to £3.61m. in the June 30 half year.

And although group borrowings have *not* increased directors consider that greater retentions are *required to cover the effects of inflation and to fund capital requirements of the group.* The interim dividend has therefore *been cut from 1.25p to 0.8p net,* and the annual total will be *reduced to not less than 2p* against last year's 3.25p.

At the attributable level profit is down only £199,000 to £1.46m.. reflecting the distribution previously of 49 per cent. of Dutco Pauling of Dubai's profit as minority interests. This associate was previously 51 per cent. owned by London and Northern.

The change in status is also reflected in turnover, which dropped from £113.7m. to £92.3m. after the exclusion of Dutco's figures.

The reduction in scrap reclamation products is owing to the continued world wide recession in the industry.

In his annual statement Mr. J. H. M. Mackenzie, chairman, said that first half results of this year had been affected by poor weather conditions in the U.K. and a low level of activity in the scrap business. However, all activities other than scrap were expected to show maintained or improved results.

Earnings per share are shown *a 2.52p per 25p share against* 2.89p last time.

After this year's reduction in dividend, directors anticipate future dividends will reflect the growth which should arise from the satisfactory order books of the construction divisions boh overseas and in the U.K.

	Half Year 1977 £000	1976 £000	1976 £000
Turnover	92,274	113,710	226,054
Profit before tax	3,605	5,159	9,585
Tax	1,830	2,187	3,800
Minorities	312	1,310	2,693
Pre-acq'n profits	—	—	80
Attributable	1,463	1,662	3,012
Pref. divs.	22	33	66
Ord. divs.	455	710	1,547
Leaving	975	919	1,099

● comment

London and Northern has really had *a poor first half trading;* the interim dividend has been reduced by 0.45p net and shareholders will also have to face a further cut of up to 0.8p on the final. The income attractions of the shares—the company has been striving to enhance its status as an income stock—are now bound to be diminished by the doubts over the final dividend and the poor first half figures—last year's cover was 1.5 times. The slump in pre-tax profits, which even excluding the Murphy contribution of £373,000 in the previous year, are still well down, due to the *continuing losses in Bardolin,* running at around £900,000 and a *sluggish performance elsewhere.* If the £900,000 contribution from *Pauling's had not been transferred* to associates the figures at the *pre-tax level would have looked* even more anaemic. Below the *line profits* have been further reduced by the slump in earnings from scrap metal—from £1.3m. to £500,000. The expected £7.2m. pre-tax for the full year puts the shares at 38½p on a p/e of 7.7 while the minimum dividend forecast gives a yield of 7.9 per cent.

EVANS OF LEEDS

In the half year ended September 30, 1977, Evans of Leeds increased its profit from £309,497 to £479,921. Also proposed is a one-for-one scrip issue.

INDEX TO COMPANY HIGHLIGHTS

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Progress for MK Electric

TAXABLE PROFIT of MK Electric *Holdings increased* 11 per cent. to £2.56m. in the half year to October 1 on turnover 17 per cent. higher at £15.5m.

Directors say that the second half normally produces higher levels of trading and recent order intake is encouraging. But any *forecast* must be hedged with caution.

The full year will include results of Ega Holdings, recently taken over by MK; and a combined pre-tax surplus of £7m. has already been forecast. CCA adjusted results for the first half show a rise from £1.21m. to £1.27m.

The turnover figure includes a 77 per cent. boost in export sales, which directors say justifies MK's overseas development programme.

Interim dividend is lifted from 2.5p net per 25p share to 3p. including a 0.04p adjustment for 1976-77. The up to 3.1m. shares to be issued to satisfy the Ega acquisition rank for the dividend, and directors anticipate paying a maximum *permissible* 2.84p final dividend. If restrictions are removed a higher pay out *will* be made.

Earnings per *share are stated* at 9.96p against 9.21p. In 1976-77 a total of 3.19p was paid in dividends on taxable profit of £6m.

	Half-year 1977 £000	1976 £000	33 wks. 1976-77 £000
Turnover	15,512	13,281	31,298
Trading profit	2,558	2,320	6,016
Interest	2	11	6
Profit before tax	2,558	2,309	6,010
Tax	1,360	1,201	3,155
Net profit	1,198	1,109	2,855
Minorities	5	—	5
Leaving	1,233	1,108	2,860
Dividends	†455	300	624
Retained	745	808	2,226

† *The interim dividend has been calculated on the basis that the offer for Ega Holdings will be accepted in full.*

● comment

Thanks to overseas markets, MK Electric's profits increased by 11 per cent. in the first six months. The 17 per cent. sales advance reflects price rises and an increasing contribution from exports (up from 19 per cent. to 23 per cent. of *total*), where volume has jumped 50 per cent. *In the important home market* poor trading conditions and the *low level of activity in the building* industry has meant a lower demand for electrical accessories, and volume sales dropped by 9 per cent. Margins are still relatively high at 16.5 per cent. but this can only be maintained with greater volume, and again this will have to come from markets other than the U.K. In the meantime, stocks have increased to *£10.4m. against* £8.2m. at year-end ahead of the *traditionally better second half* But with a first time contribution *from Ega, of about £0.8m.,* the market is expecting about £7.5m. for the year. At 169p the prospective p/e is 5.6 while the yield is 5.2 per cent.

Brunning ahead at midterm

REPORTING pre-tax profits up from £326,572 to £424,543 for the half-year to September 30, 1977, Mr. Geoffrey Brunning, chairman of the Brunning Group of advertising agencies etc., says that full year profits should be ahead of the £678,860 for 1976-77.

The interim dividend is lifted from 1.1375p to 1.485p net per 25p *share. Last year's final was 2.275p.*

	First half 1977 £	1976 £
Turnover	12,733,372	9,942,160
Profit before tax	424,543	326,577
Tax	220,762	169,817
Net profit	203,781	156,735
Interim dividend	43,389	34,787

Equity Income Trust to lift dividend

Mr. James Roe, chairman of Equity Income Trust, tells members in his annual statement that he anticipates being able to recommend a further increase in the current year dividend payment.

In the year ended August 31, 1977 revenue before tax expanded by 21 per cent. to £600,801 and the gross dividend is raised by 13 per cent. to 15p.

He anticipates that during the current year the dominant influences *on the stock market will* continue to be inflation and the *sterling exchange rate, with their* consequent effect on interest *rates. With the pound remaining* strong he expects that *currency flows across the* exchanges will result in long term *interest rates continuing to* decline and that this in turn will have a beneficial effect on share prices.

The value of the assets applicable to the equity capital in the company rose by 40 per cent.

Meeting, New Court, St. Swithin's Lane, EC, December 20 at 2.45 p.m.

Tunnel at £3m. halfway

TURNOVER OF cement manufacturers, etc., Tunnel Holdings, rose from £17.44m. to £17.71m. for the 26 weeks to September 25, 1977, and pre-tax profits increased from £2.98m. to £3.03m..

Earnings are shown to be up *from 13.6p to 14.3p per 50p share* and the interim dividend is lifted *from 3p to 3.35p net.* Last year's total was 9.755p and an additional *0.1039p is now also declared for 1976-77 following the reduction in ACT. Profits for all 1976-77 came* to £6.47m.

The directors say there are now some signs that the continuous *decline which the U.K. construction industry has suffered for several years has been arrested.*

So far as the cement activity is *concerned, however, prospects* depend on the outcome of the *struggle to contain inflation and* its implications in the industrial *relations area. The uncertainties* of the situation make it unwise to attempt any firm *forecast* of group's final results, they add.

	26 weeks 1977 £000	1976 £000
Turnover	17,710	17,441
Depreciation	923	713
From assocs.	1,267	1,137
Inv. income	105	53
Int. receivable	300	415
Pre-tax profits	3,033	2,975
Tax	701	837
Assocs tax	549	527
Extraord. credits	708	98
Attributable	2,406	1,720

● comment

Rugby Portland Cement now appears to have been picking up market share not only from Associated Portland Cement but from Tunnel Holdings as well. Hit by industrial disputes Tunnel's cement volume sales have declined well in excess of the industry average of 8.28 per cent. in its first half. This helped knock 5p off the shares, at 232p. The decline in market share together with a six-week delay in obtaining approval for an industry price of 12 per cent. left pre-tax profits, ex-associates, down from £1.84m. to £1.77m. The fall would have been sharper had it not been for an increase in net interest income of £500,000, compared with *£415,000,* on net cash balances of £10.5m., and an increase of over *a quarter in trade investment* income to £105,000, mainly due to *the* dividend *from the* Cement-Roadstone investment. Attribut*able earnings have been boosted* by the sale of a 12 per cent. stake *in Cement-Roadstone for a profit* of £708,000. A full year out-turn *of between £6.5m.—£7m.* is expected. On the lower estimate *the shares at 232p sell on a prospective P/E of 8.9 and yield on the "B" shares 7.1 per cent. assuming* a maximum dividend payout.

CITY ACRE DELAY

The accounts for the year ended *April 5, 1977 of City Acre Investment Trust* have been delayed because *of* the *unexpected resignation of the former secretary* and *chief accountant.*

A Board meeting will be held on November 29 to consider the accounts and it is expected they will be published immediately thereafter.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allied Leather ....int.	1.36	Dec. 9	1.24	—	3.46
Assoc. Newspapers ...int.	1.85††	Feb. 3	1.63	—	5.15
Edgar Allen Balfour int.	1.2	Jan. 31	1.2	—	3.33
Brickhouse Dudley ...int.	0.78§	Jan. 9	0.7	—	2.09
Brunning Group ......int.	1.49	Jan. 12	1.14	—	3.41
Chesterfield Props. ...int.	1.75‡	Dec. 31	0.7	—	3.62
CLRP Trust	1.3	Dec. 23	1.1	1.9	1.6
Craig and Rose ....int.	2.1	Jan. 10	2.1	—	21.46
Dartmouth Invsts. ......int.	0.41§§	Jan. 8	0.35	—	0.72
Erskine House ....int.	0.66	Dec. 19	—	—	1.72
Felixstowe Dock ......int.	1	Dec. 31	0.01	—	¶¶0.01
J. Folkes Hefo ....int.	0.4	Jan. 20	0.36	—	1.24
London & Northern ...int.	0.8(a)	Feb. 27	1.25	—	3.25
Metal Box ....int.	6.6¶	Jan. 9	5.85	—	13.3
MK Electric ....int.	3‖	Jan. 4	2.5	—	5.19
Monks Inv.	0.6‡	Feb. 1	0.45	—	1.4
Palahora Mining 3rd int.	7.5‖‖	Dec. 30	17.5	—	7.0
Rotaprint ....int.	1.12	Jan. 9	1.02	—	2.67
SUITS ....int.	2.26	Mar. 3	2.02	—	4.89
Tesco Stores ....int.	0.71	Mar. 1	0.63	—	1.46
Tunnel Holdings ......int.	3.35**	Jan. 30	3	—	9.76

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce imbalance between payments. § Additional 0.0214p for 1976-77. ¶ Additional 0.1147p for 1976-77. ‖ Includes additional 0.04p for 1976-77. ** Additional 0.1039p for 1976-77. †† Includes 0.056p for 1976-77. §§ Includes additional 0.00573p for 1976-77. ¶¶ For 41 week. ‖‖ South African cents. a Directors say annual total to be reduced to not less than 2p.

Better trend for UDT: paying Preference

BY MARGARET REID

Improved trading at United Dominions Trust, the finance house group which suffered in the secondary banking crisis, has led the Board to decide to pay, *at the turn of the year, two-thirds* of the first dividend, then due for *18 months, on the company's* unquoted £21.26m. of 10 per cent. *fourth convertible cumulative* preference stock. The amount to be paid, on January 3, will cost £3.22m. with its associated tax credit, and will relate to the 12 months to June 30, 1977.

The stock is held by UDT's two largest shareholders, Prudential Assurance *and Eagle Star Insurance,* and represents help provided *them in the time of crisis.*

Under the terms of the stock, *a first payment for the 18 months* to the end of 1977 is due at the end of this year. But by a decision of the Board, on which the Prudential and Eagle Star are represented, the first dividend to be paid will be for 12 months only. A further payment in respect of the six months to December 31, 1977 will be considered for payment on June 30, 1978, when a further payment for the half-year to that date will have become due.

If both these amounts are then paid, the company will have paid two sums of £3.22m. separated by an interval of six months, instead of an initial payment of some £4.83m., as strictly due at the end of 1977, followed by one of £1.61m. after the same interval.

Mr. Len Mather, UDT's chairman, said yesterday that the decision to make the payment on January 3 had depended on the progress of the group's business in the current year so far. "The *payment is a sign that things* are improving. The amount is considerable and we couldn't pay it unless profits were adequate" he remarked. Recent trading has been helped by the fall in interest rates, but there has also been a pick-up in business, both on the industrial and consumer sides.

A further dividend of £39,000 *on the company's 3.15 per cent.* cumulative preference stocks in *respect of the six months to* December 31, 1977 will be paid on that date.

UDT, which has not paid an Ordinary dividend for any year since 1973-74, is gradually reducing the amount it has on loan from the lifeboat fund launched by the big banks and the Bank of England *nearly four years ago* to control the secondary banking *crisis. But it still has around* £300m. from that source, *compared with some £460m. at one* time.

In the year to June 30, 1977, the group earned a net profit of £3.8m. after two years of losses. Last night UDT shares closed 1p up at 45p; this year they have ranged between 14p and 56p.

Monks Inv. at £1.1m. for six months

For the six months to October 31, 1977 *pre-tax revenue of* Monks Investment Trust *expanded from £0.96m. to £1.14m.* The directors state that they expect an *increase* in earnings for the full year but not at the rate of growth experienced in the first half. Revenue for the last full year amounted to £2m.

Tax for the first half took £496,263 (£427,103) and earnings per 25p share are shown to have risen from 0.69p to 0.83p. To reduce disparity with the final—which last year was 0.95p—the net interim dividend is lifted from 0.45p to 0.6p.

After prior charges at par the net asset value per share at October 31 was 64.2p (55.7p).

Barratt sees bright future for housing

Builders and developers Barratt Developments see an enormous *future in the demand for new* houses and Mr. L. A. Barratt, *chairman, is certain the group will* continue to adapt to meet this *demand.*

"Our confidence in the future *is extremely buoyant and our con*trolled expansion throughout the country will continue," Mr. Barratt said at yesterday's Manchester AGM.

The group will particularly be increasing its market share in the south of England where the potential is virtually unlimited.

He said new house prices must increase by 18 per cent. in the next year to enable the houses required to be built in volume across the country.

An upturn was now taking *place in the private housing sec*tor and the economic climate will *enable the considerable pent up* demand for new housing to be released, he said.

Although the group was established as the major private housebuilder with 8,250 houses built and sold last year, it will continue its total involvement within the building industry.

Contracting should improve with the upturn currently beginning *to come through the eco*nomy, and order books were now *at record levels and should im*prove as confidence returned to *industry generally.*

The investment property portfolio which has a rent roll of £1.3m. will steadily increase.

Expansion by Allied Leather

First half 1977 turnover of Allied Leather Industries rose from £6.18m. to £7.49m. and pre-tax profits advanced from £251,369 to £336,576.

The interim dividend is raised from 1.235p to 1.36125p net per 25p share. Last year's total was 3.445p and pre-tax profits were a record £596,357.

	First half 1977 £	1976 £
Group turnover	7,496,560	6,180,512
Trading profit	301,326	220,261
Invest. income	37,050	31,108
Profit before tax	336,576	251,369
Tax	162,000	120,500
Net profit	174,576	130,869
Extra-ord. credit	†5,202	19,022
Making	179,778	149,891
Interim dividend	27,223	24,700

† On disposal of properties.

NEW RACAL COMPANY

Racal announces the formation *of Racal Automation to accelerate the* group's entry into the fast growing automatic test equipment market. Aimed at a big market over a wide range of industry the company starts with an order book of more than £2m.

INCHCAPE/CRANE

Formal offer documents outlining Inchcape's increased offer of 93p for Crane Fruehauf were sent to shareholders yesterday. Inchcape, which has the backing of the Crane Board for its offer, stresses in its statement that acceptance of its bid will "ensure that Crane remains a British company and is given the oppor*tunity to expand its activities* rapidly in international markets *to the benefit of British exports."* Crane's shares dropped to 93p in the market yesterday.

Fundinvest confident of growth

The growth of investment trust dividends should continue in the current year and this should be reflected in the revenue of Fundinvest, Mr. Rudolph Bleichroeder, *the chairman, tells members.*

The company is also well *placed to benefit from both* a further improvement in the *rating of investment trusts and* a long-term rise in their asset *value.* Over the year to September 30, 1977, the company's net asset value expanded from 55.13p to 102.38p.

The discount of investment trust share prices in relation to asset value fell during the year from 40 per cent. to 27 per cent., partly because of the takeovers of trusts that occurred. Irrespective of the differing bases on which asset values have been calculated in recent bids and despite the fall in discounts the current level of discount still indicates a *substantial differential which* is capable of narrowing further, the *chairman comments.*

For 1976/77 pre-tax revenue was ahead from £435,673 to £516,395 on total revenue of £562,292 (£478,480). The net dividend is raised to 2.401p (1.924p) per 25p share. Working capital was down £154,000 (£13,000) with creditors higher at £351,047 (£69,606).

Meeting, 117, Old Broad Street, EC, on December 15 at noon.

Whisky, newspapers boost SUITS 27%

WITH ITS newspaper companies and whisky division contributing improved profits the pre-tax surplus of Scottish and Universal Investments pushed 27 per cent. higher to £3.27m. in the September 30, 1977 half year.

Turnover in the period rose 20 per cent. to £32.6m., and the full-year profit is expected to show a similar improvement on the £4.5m. achieved last year.

Mr. H. W. Laughland, chief executive, says the rising circulation of the Glasgow Herald has *continued and* while there have been continuing problems with the Danish publishing subsidiary the soft drinks company has shown a satisfactory return to profitability.

SUITS *recently acquired* for £700,000 sportsground and civil engineering *contractors Sportworks.* It has also acquired a small *Tyneside ship repair yard* for £80,000 from R. B. Harrison.

And it is *offering £707,400* for the capital of Scottish Agricultural *Publishing Company.*

The Glasgow-based company's publications — The Scottish Farmer, The Gardener and Horse and *Pony—will complement* SUITS' existing magazine and *commercial printing interests,* Mr. Laughland says.

Earnings per 25p share are stated at 5.12p against 4.07p. The *interim dividend* is up from 2.02p net to 2.26p. Last year a 2.87p *final* was paid, including an 0.04p additional amount following the reduction in ACT.

	Half year 1977 £000	1976 £000	Year 1976-77 £000
Turnover	32,632	27,282	58,330
Trading profits	3,130	2,781	5,412
Printing, etc.	1,789	1,346	2,675
Whisky	1,063	837	1,674
Engineering	139	128	197
Others	139	70	380
Holding co. income	†47	207	371
Associates loss	—	33	289
Profit before tax	3,267	2,646	4,498
Tax	1,674	1,300	2,237
Net profit	1,593	1,285	1,261
Dividends	703	628	1,571
Retained	890	637	740

† Loss. * Adjusted for increased final after ACT change.

● comment

SUITS has reversed last year's second half downturn and turned in first half profits 27 per cent. higher. *The main impetus came* from printing and publishing which accounts for more than a half of profits, where advertisement rate rises, on an increase in volume (probably from the buoyant Scottish property market) coupled with a circulation rise by the Glasgow Herald lifted profits by a third. The important whisky division also went ahead—profits rose by 27 per cent.—but this came from price rises rather than any significant increase in market share of Whyte and Mackay. Engineering activity is still slack in line with the economy. The overall recovery is expected to continue in the second half and £5.7m. should be possible for the full year. At 78p the shares are on a prospective yield of 10.7 per cent. on a maximum dividend, but investment interest may be somewhat limited during the current management problems.

Chesterfield Properties advance

IN THE first-half of 1977, net attributable profits of Chesterfield Properties have risen from £217,000 to £385,000, for earnings of 3.92p, against 2.21p, per 25p share.

The interim dividend is stepped up from 0.7p to 1.75p net to reduce the imbalance between payments — the 1976 final was 2.9210625p.

Income was up £164,000 to £1.41m., mainly as a result of rent reviews which have more than offset a substantial reduction in management and guarantee fees receivable.

No account has been taken of some £230,000 net realised capital profits, which largely comprise the share of profits made by associates.

	First half 1977 £000	1976 £000
Turnover	1,326	1,053
Income	1,407	1,243
Interest paid	514	384
Deferred outgoings	22	34
Associates	19	†98
Taxation	494	283
Minority	4	3
Attributable	385	217
Dividends	172	69
Retained	213	148

† Loss.

Increase by General Stockholders

Total income for the year to end October, 1977, of General Stockholders Investment Trust advanced from £362,341 to £346,218 and, after expenses and interest of £47,615 (£42,844) and tax of £117,658 (£102,218) the balance available for dividends rose from £157,779 to £181,543.

Earnings are shown to be up from 1.51p to 1.84p per 12½p share. The dividend of 1.7p (1.3p) has already been paid.

The net asset value is given as 134.7p (105.8p) per share.

ISSUE NEWS

Farmer goes to market

S. W. Farmer, the structural steel engineers, has announced that arrangements are in hand for the placing of 782,906 Ordinary 25p shares—33.7 per cent. of the capital—at 104p each.

In addition the group is forecasting that pre-tax profits for the year ending December 31 will be not less than £850,000. The group also intends to recommend a dividend for the period of 7.65p gross. On this basis the group says that it would expect to recommend dividends in a full year of 11.5p gross—covered 2.31 times by earnings on forecast profit levels.

At the placing price the dividend yield would be 11.06 per cent. with a p/e of 5.93. Fielding, Newson-Smith are brokers to the placing for which the prospectus is expected to be published on Monday.

ONE CLASS SHARE

Associated Biscuit Manufacturers is proposing to create a single class of Ordinary share by abolishing restrictions on the rights of the "A" Ordinary shares from December 30.

To compensate the existing Ordinary share stock holders the group proposes a one-for-20 scrip issue by way of a capitalisation of reserves. The new Ordinary shares will not rank for the interim dividend already announced.

The moves are subject to separate meetings of the A Ordinary shareholders and holders of the 6¼ per cent. Convertible Unsecured Loan Stock 1995/97 on December 16.

NEWMAN RESULT

Approximately 91 per cent. of the Ordinary shares offered by way of a one-for-three rights issue to shareholders of Newman Industries have been taken up. The balance has been sold for the benefit of the entitled shareholders.

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Associated Newspapers reaches £7.26m. so far

[F]R THE half year to September [30] 1977, turnover of Associated [Ne]wspapers Group expanded from [..]59m. to £74.83m. and pre-tax [ear]nings advanced from £6.17m. [to] £7.26m. For all 1976-77 the [taxa]ble surplus was a record [..]01m.

[F]irst half trading profits rose [fro]m £4.42m. to £5.01m., associated [com]panies contributed £1.06m. [com]pared with £833,000 and [inv]estment income was £1.18m. [aga]inst £885,000.

[A]fter tax of £3.98m. (£3.45m.) [and] minorities of £88,000 (£38,000) [ear]nings per 25p share are given [as] 10.7p (8.7p). The interim divi[den]d of 1.852p (1.635p) includes [..]36p for 1976-77 following the [red]uction in ACT. Last year's [fina]l payment was 3.518p.

[T]he group is controlled by [Dai]ly Mail and General Trust.

See Lex

CLRP tops £0.5m.

[G]ROSS REVENUE for the year [to] August 31, 1977, of CLRP [Inv]estment Trust increased from [£..]6,438 to £829,434 and pre-tax [rev]enue rose from £450,592 to [£5]11,540.

After tax of £163,205 against £152,988 earnings are shown to be ahead from 2.14p to 2.36p per 25p share and the dividend is raised from 1.6p to 1.9p net with a final of 1.3p.

The net asset value is given as 84p (72.5p).

Hepworth to maintain growth

WITH MOVES now taking place to permit some rise in living standards, Mr. R. E. Chadwick, the chairman of multiple tailors J. Hepworth and Son, looks forward to the group maintaining growth in the future.

The benefits derived from extending the merchandise range are not yet fully harvested, he says in his annual statement, and the directors are more confident than a year ago.

Mr. Chadwick also announces the formation of a new joint credit company with Forward Trust, the instalment finance subsidiary of Midland Bank.

The new company, called Club 24, will provide credit facilities for the purchase of menswear in Hepworth nationwide chain of 350 shops.

Mr. Jeffrey Rowlay, chairman of Club 24, and managing director of J. Hepworth and Son, says that "since the introduction of a budget account service there has been a rapid increase in both the number of account holders and the cash required to finance their purchases.

"The formation of the company will ensure that adequate funding will be available for further expansion."

As reported on October 20 pre-tax profits advanced by 27 per cent. to £3.56m. for the year to August 31, 1977 and sales expanded by 21 per cent. to £34.49m.

The expansion programme in shop development has continued with 11 new shops opened and four resited. Increases in selling space, coupled with improved presentation, are being achieved by the reduction of arcades and the continuation of modernisation of existing branches.

Meeting, Leeds on December 16 at 11.15 a.m.

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GEORGE INGHAM

In the first half of 1977, George Ingham and Co. (Holdings) increased its profit from £3,187 to £22,322. The net balance was £8,315 (£9,635). There is no interim dividend—in the previous year the interim absorbed £5,000 and was followed by a final costing £7,500.

In our report on the half year, the comparative figures were wrongly stated.

Price cuts boost Tesco's sales—profits just ahead

FOR THE 24 weeks to August 13, 1977 turnover, including VAT, of Tesco Stores (Holdings) expanded by 26.68 per cent. from £312.58m. to £395.99m. but profits show only a marginal increase from £10.18m. *to £10.28m.*

Members are told that the decision to discontinue trading stamps and the introduction of the price cutting "Operation Checkout" from June 9 resulted in a substantial increase in turnover from that date.

The directors say the effects of this "dramatic change in trading philosophy" will be reaped in future years. They are confident that the benefit of the new strategy will be reflected in group profitability from 1978-79 onwards.

Sales for the 14 weeks to June 4 rose by 14.43 per cent. from £151.5m. to £207.7m. For the remaining 10 weeks of the period they jumped by 43.64 per cent. from £131.09m. to £188.3m.

First half earnings are shown at 1.56p (1.55p) per 5p share and the interim dividend is 0.7084p *(0.6325p) net. Last year's total* was 1.4592p and pre-tax profits came to £30.19m.

	24 weeks	
	1977	1976
	£000	£000
Turnover	395,991	312,584
VAT included	10,606	8,764
Profit	9,737	9,446
Net interest receivable	544	733
Profit before tax	10,281	10,179
Tax	5,346	5,293
Net profit	4,935	4,886
Dividend	2,234	2,000
Retained	2,701	2,886

Turnover has been maintained at a high level in the third quarter of the current year covering the 12 weeks to November 5 with a 39.86 per cent. increase over the corresponding period to £223.5m.

On the launch of "Operation Checkout," Tesco immediately captured a significantly larger share of the food market, say the directors. Current information indicates that this share is being maintained at more than 11 per cent. of the national trade.

Tesco has kept its "Checkout" prices at the lowest possible level *and continues to maintain its* competitive edge on all its rivals.

The net margin for the first half was 2.6 per cent. (3.26 per cent.). The Board is in no doubt that it is in the interests of both the consumer and the company to trade on lower margins. The increases in the number of customers and in turnover will produce higher net profits in the *future.*

The cost of launching "Operation Checkout" amounted to £2m., of which half has been charged in the 24 week period.

Six new stores were opened during the first half at Edgbaston, Perth, Bar Hill, Hanley, Kilmarnock and Wellingborough. The Hanley store with a net sales area of 60,000 sq. ft. is second only in size to the Irlam Hypermarket. By the year end, five additional new stores will have been opened at Sale, Greenock, Wrexham, Haverfordwest and Dundee. The total new store selling area increase, including extensions, for the year is some 400,000 sq. ft. The future opening programme covering the two years beyond March, 1978 will add a further 1m. sq. ft.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: Amalgamated Industrials, Anglo-American Corporation of South Africa, Bromsgrove Casting & Machining, Exchange Telegraph, French Kier, Howard Tenens Services, J. and W. Henderson, Leigh Interests, Lilleshall, Pauls and Whites, Renold, Renwick Group, Robertson Foods, Selection Trust, "The Times" Veneer, Wheeler's Restaurants.

Finals: Akroyd and Smithers, Thomas Borthwick, Brockhouse, Duple International, Proprietors of Hays Wharf, Scottish Investment Trust, Stocklake Holdings.

FUTURE DATES

Interims—
Whitbread Investment .... Dec. 1
Finals—
Cardiff Malting .... †Nov 30
Flexello Castors and Wheels .... Dec. 8
Ranks Hovis McDougall .... Dec. 6
† Amended

Foseco sales ahead; profit restrained

Group sales of Foseco Minsep in the nine months to September 30 were ahead of the same period last year but profitability is still affected by the continuing major recession in the steel industry, directors report.

At halfway taxable profit was down from £8.1m. to £7.74m. on turnover ahead from £81.88m. to £90.78m.

Edgar Allen recovers to £1m.

[WI]TH TURNOVER ahead from [£2]1.1m. to £28.3m. pre-tax profit of [Ed]gar Allen Balfour almost [do]ubled from £523,000 to a lower [tha]n expected £1.033m. in the six [mo]nths to October 1, 1977.

Directors say depressed trading [con]ditions prevailing in the U.K. [an]d export markets resulted in [lo]wer margins. And while a [sat]isfactory full year result is [ex]pected, it will be below original [est]imates of more than £3.3m.

The engineering division [sho]wed a £844,000 turnround to a [£2]81,000 profit in the half year [ref]lecting the major reorganisa[tio]n of loss-making subsidiaries [ca]rried out in the closing half of [las]t year. In the second half [en]gineering losses were £557,000.

Steel, foundry and forging [pr]ofits, however, dipped from [£9]77,000 to £542,000 in the period, [wh]ile the overall overseas result [w]as ahead from £804,000 to [£9]71,000. Last year's result was [a]ffected by a £408,000 loss on the [d]isposal of Balfour Darwin.

In the period there was a £2.1m. [a]dverse cash flow in the U.K., [m]ainly attributable to reinstate[m]ent of normal working capital [le]vels following last winter's 10-[w]eek stoppage and the £1.2m. of [ca]pital spending. This and the [£..]9,000 cash outflow in overseas [ope]rations was in line with fore[cas]ts and the deterioration is not [ex]pected to be as significant in [th]e second half.

In the last annual report [dir]ectors said the group was in a [str]ong position to take part in [an]y general upturn in the U.K. [eco]nomy.

However, there are still no [sig]ns of any general world upturn [in] the special steel and engineer[ing] sectors, and directors are [unc]ertain of the engineering sector's competitiveness in world markets following the rise in the value of sterling. Order books at October 1 stood at £22.79m. against £22.57m. six months ago.

Earnings per share are stated at 3.1p compared with 1.4p, and the interim dividend is held at 1.2p. A 3.13p final was paid last year on pre-tax profit of £707,000.

	Half year		Year
	1977	1976	1976-7
	£000	£000	£000
Sales	28,321	26,092	49,130
Operating profit	1,734	1,935	1,849
Interest	758	850	1,290
Associates	56	118	157
Profit before tax	1,033	523	707
Tax	408	216	520
Net profit	627	307	187
Minorities	9	14	113
Pref. div.	8	8	16
Attributable Ord.	610	285	158
Currency losses	28	†305	122
Extraord. credits	16	*12	*999
Leaving	598	578	§953
Ord. divs.	237	237	856
To reserves	361	341	¶1,809

† Gain. * Debits. § Loss. ¶ From reserves.

● comment

Edgar Allen Balfour has doubled its first half profits but a full recovery is still some way off. In the U.K. the return on capital employed (£29.6m.) is still only 2.2 per cent. while a £750,000 turnround in engineering is due to rationalisation (including the closure of Capital Tools which was losing around £600,000 a year) rather than any underlying improvement in demand. Overseas, however, the return on capital (£9.4m.) is lifted to 5 per cent. while the Australian division has doubled its contribution, despite an adverse economic climate. The world markets for steel and engineering products remains very difficult and full year profits may be no more than £2.4m.—although second half figures should show a considerable improvement over last year when a strike following the closure of Capital lost the group £2m. Also the improvement in sterling is already being felt with a £330,000 turnround on exchange movements (taken below the line) bringing the first half profit increase at the attributable level to a mere 3½ per cent. Meanwhile borrowings have increased to 61 per cent. of shareholders funds, from 51 per cent. at the year end. The shares yield 13 per cent. at 58p, on a maximum dividend, covered 1¼ by earnings taking a line through the interim tax charge.

Half-time jump at Dartmouth Investments

On turnover £2m. higher at £3.55m. pre-tax profit of Dartmouth Investments jumped from £46,000 to £178,000 in the six months to September 30.

Mr. D. C. Hathaway, chairman, says all major divisions traded profitably, except pressings where the performance still leaves much to be desired.

It is hoped management structure changes and an easing of industrial relations tensions in the automotive industry will produce an improved second half. He is optimistic for a record full year result. A peak of £285,092 was achieved in 1975-76.

After tax of £93,000 (£24,000) net profit emerges at £85,000 (£22,000).

The interim dividend is lifted from 0.35p net per 5p share to 0.405730, which includes 0.00573p for 1976-77. Directors intend paying the maximum permitted final. Last year a 0.3726p final was paid, and taxable profit totalled £255,643.

Yarrow in strong position

IN HIS *annual statement Sir Eric Yarrow, the chairman of Yarrow* and Co. says that the future development of the group must, to some extent, depend on the compensation received for the nationalisation of Yarrow (Shipbuilders) and dividends received from the former subsidiary.

In the meantime the group is in a very strong financial position and opportunities for developments are continually under *review, he tells members.*

The major operating subsidiary is now Y-ard, a marine consultancy and research organisation which provides a variety of specialist and advanced technological assistance to overseas navies and commercial organisations throughout the world.

Sir Eric says the Board has every confidence in the continued prosperity of Y-ard and a further *expansion of its activities can be* expected both in the U.K. and overseas.

As reported on November 15, pre-tax profits, excluding Yarrow (Shipbuilders) which was nationalised on July 1, advanced from £1.35m. to £1.81m. for the year to June 30, 1977.

The Ministry of Defence was again Y-ard's most important customer during the year. The secondary machinery improvement programme for submarines continued and work on surface warships was also undertaken.

Offshore, the company provided a comprehensive maintenance package to Mobil North Sea for the Beryl A platform and also assisted the same company with a major accident inquiry.

Y-ard's South African company *again had a successful year but,* with the workload showing no sign of recovery, the Australian company was wound up.

Overall Y-ard's trading profits showed a significant increase even allowing for closing down losses in Australia and this rising profit trend is expected to continue.

Vosper holds 21 per cent. of the equity, Outwich Investment Trust 6.25 per cent., and Standard *Life Assurance Company 5 per* cent.

Meeting, Charing Cross Tower, Glasgow, on December 19 at 3 p.m.

Statement, Page 25

Hawthorn Leslie awaits firm indication

In view of the significance of the compensation receivable following nationalisation of the principal operating subsidiary, R. and W. Hawthorn Leslie has decided to postpone production of its annual report for 1977 until it has received a firm indication of the likely compensation.

The directors state that negotiations concerning compensation have yet to commence with the *Secretary of State. Furthermore,* despite Ministerial assurances to Parliament, no indication has yet been received concerning any payment on account of compensation which the Secretary of State can make under the provisions of the Act.

Mid-term rise for Jersey General Trust

On income of £375,300 against £335,665 taxable revenue of Jersey General Investment Trust increased from £190,651 to £214,603 in the six months ended October 31.

After tax of £89,145 (£62,239) net revenue comes out at £283,748 (£252,690). Net asset value per £1 share after deducting prior charges at their nominal value is stated at 298p compared with 293.75p.

The interim dividend as previously reported is lifted from 4.5p to 5p to reduce disparity. Last year a 7p final was paid on record taxable profit of £783,414. Dividends are subject to Jersey tax.

Rivlin sees second-half pick-up

Difficult trading conditions on the retail side of I. D. and S. Rivlin *—which severely depressed profits* in 1976-77—have continued into the current year, although forward order books of the wholesale and importing business are very satisfactory, states Mr. Leon Rivlin, chairman.

Although he does not envisage any measure of profitability in the first six months of 1977-78, it is anticipated that the second half will show a recovery.

In the year ended April 30, 1977, turnover reached £10.51m. (£10.52m. for 14 months) and profits fell sharply to £86,293 compared with £228,914. The chairman explains that the retail division suffered a substantial reduction in profits, particularly the Sachs and Sherman group.

Deteriorating trading conditions in the North East of England and South Wales, the two main areas where the retail shops are situated, have resulted in severe pressure on margins. The directors have decided to discontinue business in locations which have been uneconomic. Losses of £33,753 have been charged in this respect as extraordinary items in the year.

The chairman says that steps are being taken to reduce stocks wherever possible in the remaining shops with the object of reducing improving liquidity and reducing bank borrowing.

The wholesaling and importing business has recovered to some extent in 1976-77. The effect of lower interest rates and the stability of sterling, if maintained, should produce a marked im*provement in profitability in* 1977-78.

The group has decided not to proceed with the purchase of the group of companies in Yorkshire announced in June. At that time it was stated that agreement had been reached for the group to acquire H. S. Wilkinson (Weatherwear), Wilberfort (Rainwear) and Retlam for a total consideration of £83,998.

At April 30 net current assets show a reduction from £1.55m. to £1.48m. reflecting an increase from £1.61m. to £2.05m. in the overdraft and creditors, etc., up from £2m. to £2.4m.

Meeting, Winchester House, W.C., December 14 at 2 p.m.

Levers sees profit

Mr. A. S. Perloff, chairman of Levers Optical Company says in his annual statement that the company will return to profitability in the near future.

It is expected that the lowering of interest rates, the reduction in borrowings brought about by asset sales and the general reduction in inflation will assist the return to a surplus after two years where net losses totalled £150,574.

On November 9 the company merged through acquisition with Willesden Optical Works, and with this and after some rationalisation which is almost complete, the group will be in a far stronger position to take advantage of any upturn in trade.

The group's auditors have, however, in their statement to members questioned the validity of assuming that Levers is a going concern supported by the group's bankers.

They have not been able to satisfy themselves that the support of the bankers is assured and so are unable to form an opinion as to the validity of the going concern basis.

Mr. Perloff says the company will derive substantial investment income when its vacant space at 38 Mount Pleasant is fully let. It is now being offered for letting and prospective tenants are being considered.

Again there is no dividend. The last payment was an interim of 0.125p net per 5p share for 1974-75.

SETBACK FOR FRESHBAKE

A second half loss of £8,954 compared with pre-tax profits of £21,682 left Freshbake Foods with a surplus of £5,002 for the year to *September 30, 1977, against* £44,555.

Tax takes £4,928 (£22,858). Last year there were extraordinary debits of £20,764.

AB Electronic prospects

First half results of AB Electronic components were likely to be disappointing, the chairman, Mr. G. Cantlay, told the annual meeting. The strike had been settled in line with the Government's guidelines but the loss of production and subsequent need for substantial overtime, to catch up with deliveries, had been costly.

The order book was good and the outlook for the second half year brighter. Long-term pros*pects were also very encouraging* and accordingly, capital expenditure was being stepped up and various measures taken to expand business activities.

Erskine House pays interim

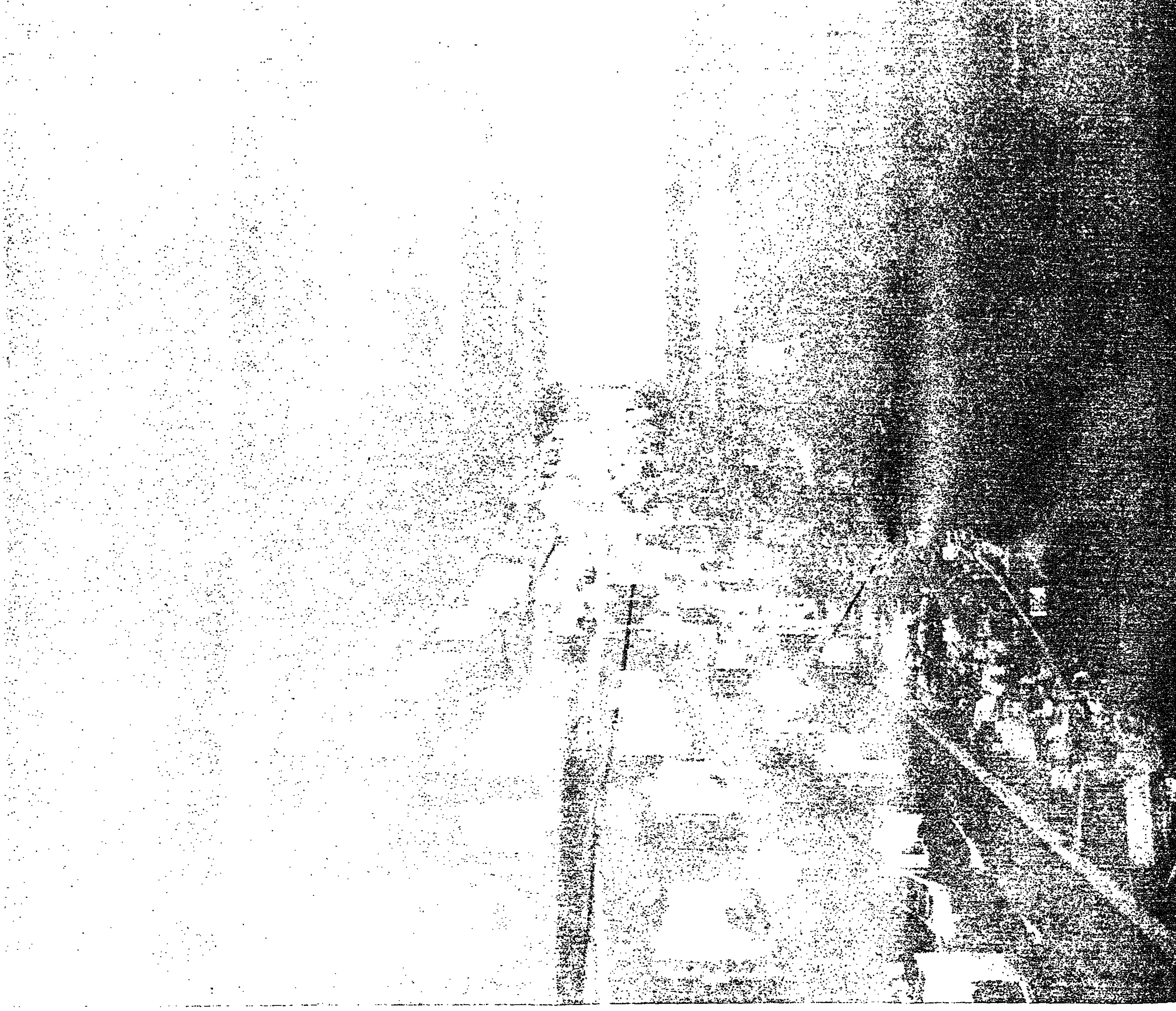
Pre-tax profit of Erskine House Investments come to £173,47[.] in the half-year to September [30] and as a sign of their confidence in the continuing progress directors have declared an interim dividend for the first time.

A 0.66p net per 25p share payment will be made. Last year 1.72p final was paid on taxable profit of £179,796.

Turnover for the six months was £9.24m., and the result is subject to tax of £21,000.

Earnings per share after conversion of £308,894 of loan stock on September 30 are stated at 4.8p, and before conversion at 5.8p.

In 1973 Hanson Trust discovered one of the most valuable resources known to man.



Americans.

This year consumer expenditure in the US will be some [illegible]. Even a small percentage of this makes a very attractive prize for any company willing to risk the price of entry. Yet so often the land of golden opportunity has been the graveyard of UK enterprise. One of the major reasons for failure has been the inability of many foreign companies to conform to the dictates of the American market place.

It takes an American to understand an American.

When Hanson Trust decided to enter the USA in 1973, we applied exactly the same criteria as we do in any other market. We relied on native management to produce the earnings we demand from an investment. Thus acquisitions remain entirely autonomous and continue to run as before Hanson Trust's interest. Apart from rigid financial control, our American management teams have freedom to run their American businesses the American way for the benefit of all our shareholders.

A management pool with no shallow end

Our policy of buying into basic markets with companies which have management potential has brought a gratifying degree of success. It means that not only is there a depth of expertise available to maximise every growth opportunity, it also means existing business is run very profitably. In fact, over 60% of Hanson Trust's profits were generated in the United States last year. How many other British companies do you know who've had this level of success across the Atlantic?

Foresight Saga

One last point.

It wasn't an accident that Hanson Trust chose (against all conventional patterns) to invest in the US in 1973. It was the deliberate result of careful market and economic analysis. And while others are now following into the US market, Hanson Trust is solidly entrenched and reaping the rewards of its investment analysis and management creativity.

This depth of expertise and original business thinking is applied to every facet of Hanson Trust's operation. And that gives Hanson Trust a unique strength. Although we don't have a crystal ball and can't guarantee the future, shareholders must be reassured to know that Hanson Trust's emphasis on good management means that there will always be the expertise available to make the most of every growth opportunity.

Hanson Trust

The industrial management company where people are as valued as assets.

Metal Box forecasts reduced profit

KAGING GROUP Metal Box based profit from £23.8m. to m. in the half year to ember 30 on sales ahead from m. to £393.66m. rectors see no immediate ovement and the full year ft is not expected to match 77's record £57.67m.

e bulk of the sales improve t occurred in the U.K. with per cent. boost to £288.6m. seas sales rose 12 per cent. 182m.

wever U.K. taxable profit art nly 5 per cent. to £16.82m. h directors describe as dis inting. They say sales of rage cans were adversely ted by poor summer weather industrial disputes.

though none of the disputes been of a major nature the nuance of work to rule and ime banning has had a con able adverse effect on profit y. Similar conditions have alled in some customers s, which has affected demand he company.

erseas, a disastrous fishing n in South Africa has been by excellent progress in South East Asian companies the Nigerian glass company. ending on fixed assets in the d totalled £17.1m. with £5.2m. is spent overseas.

Alex Paige, chairman, says f the problems of forecasting current half is that the any does not know how many cans are in stock with mers after the poor ner.

t he says: "The signs are adding up to a bumper tmas." On other packaging sales to the frozen food try are suffering from a lack orders, but general line icts—boxes to aerosols—had ume increase.

the future, Sir Alex is still confident." Competition glass suffers, among other s, from the existence of high speed canning lines and company says orders for ng lines are still coming in.

	Half year 1977 £000	1976 £000
	395,857	320,802
e	263,630	203,220
seas	132,027	117,782
before tax	25,799	23,798
	18,829	16,019
	8,419	7,784
	10,070	12,090
rofit	13,350	11,794
ies	1,774	1,506
able	11,490	10,288

finances, he says working al has risen but not quite in with turnover. Gearing ratios e a little up at the end of ear. Deferred tax is around and growing rapidly.

ital spending is up on last but the big increase will not ntil next year.

e interim dividend is stepped rom 5.85p per £1 share to

A final of 7.46p was paid ear and an additional 0.1147p declared at the July AGM will be paid with the interim.

Statement, Page 25
See Lex

Brickhouse looks to second half

AS EXPECTED pre-tax profits for the half year to September 30, 1977, at Brickhouse Dudley slipped from £832,000 to £803,000, but Mr. R. M. Huxtable, the chairman, says that with an improved order book second-half profits should be better than those for the first if full-time working can be maintained.

This is possible he reports, as stocks of manufactured products are considerably reduced, some Government reflation for the construction industry is promised and the group has a strong export order book.

The interim dividend is up from 0.69679 to 0.7783p net per 10p share. Last year's final was 1.393381p and an additional 0.0214p for 1976-77 will also be paid with the current year's interim following the reduction in ACT. Profits for all 1976-77 came to £1.59m.

	Half year 1977 £000	1976 £000
Sales	25,033	8,992
Profit before tax	803	832
Net profit	385	399
Interim dividend	117	104
Deferred final	3	—

The group manufactures cast iron and steel products for the building and civil engineering industries.

Joint scheme for tax-free capital growth

Friends' Provident Life Office and the Portsmouth Building Society have produced a joint investment scheme, the Friends' Capital Growth Plan. This is essentially a back-to-back arrangement between a life company savings scheme and a building society investment.

An investor having a capital sum to invest pays 10 per cent. of this amount as the first annual premium on a 10-year with-profits endowment policy with Friends' Provident. The balance is invested in a share account with the building society at an interest rate ½ per cent. above that paid on ordinary share accounts. Each year a further amount is withdrawn automatically to pay the premium on the life policy, so that by the 10th year the whole of the original capital has been paid into the contract.

At the end of 10 years the investor receives the maturity value of the contract, plus the interest earned from the building society. The maturity money would be free of income and capital gains tax and in addition the investor would get tax relief on his payments to the life policy—at present 17 per cent. of the premium.

Alternatively the investor, at the end of 10 years, can leave the policy money with the life company for a further 10 years to grow without incurring any further tax liability. Or, if the investor is under age 55, he can effect a further 10-year endowment contract for a premium not exceeding the original level.

An example of the benefits provided by the plan is an investor, aged 39, with £3,000 to invest would pay £300 a year into the life policy. At the end of 10 years he would receive a maturity sum of £4,669 on current bonus rates, plus accumulated interest, assuming the present rate of 6 per cent., of £1,181 making a total of £5,850.

Folkes Hefo just ahead

FROM EXTERNAL turnover of £31.6m. against £26.4m., pre-tax profits of engineers, John Folkes Hefo were just ahead from £1.94m. to £1.95m. for the first half of 1977.

Mr. J. W. Hearnshaw, the chairman says it is probable that although turnover will increase in the second half, profits and margins will not be as good due to losses incurred in heavy forgings, housing and some of the building supplies companies. In 1977 there have been negligible stock profits as compared with 1976.

	First half 1977 £000	1976 £000
Total turnover	33,603	27,761
Internal turnover	2,003	1,361
External turnover	31,600	26,400
Pre-tax profits	1,947	1,939
Tax	1,012	1,008
Attributable	935	931
Dividend†	173	162

† After waivers.

Corporation tax has been provided at 52 per cent. When the position for the year is capable of assessment it is probable that the provision will be reduced due to deferred tax being treated as a reserve in accordance with E.D.19.

Prospects thereafter look more promising with turnover continuing to increase and margins starting to improve, he adds.

First half earnings are shown unchanged at 1.9p per 5p share fully diluted. The interim dividend is raised from 0.36p to 0.4p net. Last year's total was 1.23999p and pre-tax profits were £4.16m. The directors expect to pay the maximum permitted final for 1977, members are told.

● comment

John Folkes Hefo appears to be faltering after its rapid growth in the late 1960's and early 1970's little growth was shown las year and now pre-tax profits are only marginally up higher after six months. Admittedly this time they are depressed by £¼m. reorganisation costs in the bright steel division and the absence of £300,000 steel stock profits earned in last years first half. However the housing, forgings and building supplies divisions are still giving trouble. Losses on housebuilding could approach £400,000 this year while the heavy forgings division produced a £150,000 first half loss and there is unlikely to be any improvement in the second half. Building supplies, largely furniture, continues to be hit by the low housebuilding activity and the fal in consumer spending. Full year profits therefore may be no more than £3¼m. after £4.2m. last year. Elsewhere group profits have advanced with exports of bright steel (used for small components likesparking plugs) performing particularly well. Given the improved prospects for housing and consumer spending, growth may be renewed next year although the outlook for forgings continues to look dull. Meanwhile the shares yield 10.3 per cent on a maximum dividend and on a p e (fully taxed) of 5.6 at 20½p.

Statement, Page 22

Amal. Metal turns in £4.2m. for nine months

FOR THE first nine months of 1977 Amalgamated Metal Corporation reports a fall in profits from £4.7m. to £4.19m., after an respect of the fraud perpetrated abroad by a company with which Amalgamated was contracted. Sir John Saunders, chairman, says that police and legal proceedings are continuing but the possibility of any ultimate recovery remains unknown. Profits for the last full year amounted to £7.95m.

But for the exceptional loss the profit for the first three quarters would have been £1.8m. better than the corresponding period.

Earnings per £1 share after the exceptional debit but before extraordinary items are given at 12.5p (197.7p) and after extraordinary items at 11.8p (35.3p).

	Nine months Before except. item 1977 £000	After except. item 1977 £000	1976 £000
Group turnover	802,000	802,000	750,000
Pre-tax profit	5,989	4,185	4,605
Tax	2,383	2,383	2,311
Minority profit	942	942	581
Extra-ord. debits	25	35	*978
Net profit	2,620	825	2,302

* Credits.

Extraordinary items no longer include exchange differences and the 1976 figure has been adjusted to reflect this change. In the opinion of the directors it is not realistic to report such adjustments quarterly but these will be dealt with in the accounts for the current full year.

Sir John reports that the contribution from the industrial group was appreciably better as a whole despite continued disappointing results from the steel service centres which are still suffering from weak markets. The tin smelting interests matched their fine performance of 1976. Metal trading results, although ahead of the corresponding period, remained uneven with strength in the terminal market business and continuing weakness in physical metal trading due to depressed world markets.

London Shop Property Trust optimistic

Given a continuance of present national conditions, the directors of London Shop Property Trust view the future with restrained optimism. Mr. Cyril Black, chairman, says in his statement with accounts.

He thinks 1978 will produce better results than the £0.54m. taxable profit reported for the April 30, 1977 year.

The house building subsidiary should produce better results as bank borrowings have been reduced by some £0.7m. with interest rates little more than half those payable when bank base rates were at their peak.

Also Building Society mortgages are appreciably cheaper and more readily available.

Another major factor for 1978 is the increase in rental income. In the first eight months of calendar 1977 the increase amounted to about £222,000 per annum. The current year will not reflect all of this increase.

Group bank and mortgage borrowings have also been reduced in the year with the general interest rates lower.

The overseas earnings improvement is being maintained, and further increases from this source are hoped for.

Accounts show a £0.96m. increase in liquid funds for the year against a £1.70m. decrease.

Auditors Thomson McLintock and Company have qualified accounts over the treatment of a £27,000 profit on the redemption of mortgages as an exceptional item. They say it should be an extraordinary item under SSAP 6.

Meeting, 100, Old Broad Street, E.C., on December 14 at 2.30 p.m.

F. W. Thorpe to extend capacity

"Thorlux" lighting equipment manufacturers, F.W. Thorpe, has got off to a good start in the current year, states Mr. K. C. Brangwin, chairman.

However, he feels it would be wrong to anticipate that the group will achieve such rapid profit growth—in the last three years pre-tax profits have expanded from £182,000 in 1973-74 to £487,000 in 1976-77.

Members are told that the group has once again reached the limits of its manufacturing capacity and further expansion is having to be considered.

The order book is full and the group is continuing to develop new products and to improve those in current production.

Profits in 1976-77 represented an increase of 55 per cent. on the previous year. Sales rose by 26 per cent. to £3.05m., within which exports rose by 68 per cent. to £813,897 contributing to a large extent to the profit jump. Efforts to sell even more overseas are continuing, says the chairman.

Meeting Birmingham, December 8 at 3.15 p.m.

Rotaprint makes first-half progress

During the first half of the year at printing equipment manufacturers, Rotaprint, there were certain non-recurring expenses of £38,000, relating to the start up of a new factory at Washington, Tyne and Wear. These were charged to the profit and loss account. Even so the pre-tax surplus for the period advanced from £64,000 to £111,000.

Turnover for the period finished £1.06m. ahead at £5.99m. and the directors report that the international order book is still strong.

The net interim dividend is stepped up from 1.0186p to 1.1205p; last year's total was 2.8658p from profits of £411,000.

After tax for the first six months of £58,000 (£33,000) the net balance emerged £22,000 in front at £53,000.

First-half loss by Maple

RETAIL store proprietors, Maple and Co. (Holdings), incurred a pre-tax loss of £327,000 for the 28 weeks to August 13, 1977. This compares with a loss of £880,000 for the previous comparable period and a deficit of £1.73m. for the year to January 29, 1977.

The loss was struck after interest payable of £842,000 (£1m. and £1.92m.).

	28 weeks 1977 £000	1976 £000	Year 1976-77 £000
Turnover	9,658	9,704	22,159
Trading profit	315	124	193
Interest payable	842	1,004	1,923
Loss before tax	527	880	1,728
Overseas tax	45	29	67
U.K. tax credit	—	—	35
Net loss	572	909	1,760
Extra-ord. debit	12	—	999
Leaving loss	584	909	2,759

Turnover for the 1977 28 weeks included rental of £263,600 from Tottenham Court Road Development sold on September 7, 1977 (nil). Last year's turnover included sales from stores since closed of £1.13m.

Mr. D. C. Keys, the chairman, says the figures once again show that the cost of borrowings substantially exceeded trading and rental income and accordingly the Preference dividends due in May and November have not been paid. Since the end of the 28-week period, however, the situation has been radically changed by the sale of the Tottenham Court Road Development. The Board hopes, therefore, that profits generated by the furniture retailing subsidiaries in the rest of the year will be sufficient to eliminate the interim deficit provided that the group enjoys the traditionally high level of sales in the last eight weeks of its financial year.

ONEY MARKET

arge assistance

of England Minimum ing Rate 5 per cent. ce October 14, 1977

ions were rather more in the London money yesterday, although the houses were still fairly t to borrow money during ning, preferring to wait e to sell paper to the es in the afternoon.

was expected to be in pply, but the situation oo difficult, since Government disbursements, made up of housing disbursements and a large rate support grant, outweighed revenue payments to the Exchequer. On the other hand there was a fairly large net take-up of Treasury bills, and the market was also faced with repayment of funds lent overnight on Tuesday.

The authorities gave a large amount of assistance by buying a large number of Treasury bills from the discount houses and a small amount of local authority bills.

Discount houses paid around 4-4½ per cent. for secured call loans in the early part, and during the afternoon money was found at 3-3½ per cent.

In the interbank market overnight loans opened at 3¾-4½ per cent., and ranged between 3½ per cent. and 4½ per cent. before closing at around 3 per cent.

Rates in the table below are nominal in some cases.

	Sterling Certificate of deposits	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House Deposit	Company Deposits	Discount market deposits	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
	—	3-4¼	—	—	—	4½	3-4¼	—	—	—
	—	—	3⅝-4	—	—	—	—	—	—	—
	—	4-4⅜	3⅞-4⅛	—	4⅛-5	4¾	3⅞-4	—	—	—
	4⅝-4⅜	4⅛-4⅝	4⅛-4⅜	5⅛-4⅞	4¾-5	5	4⅛-4¼	4⅛-4½	4⅛-4½	5⅛
	4⅞-4⅝	4⅝-4⅞	—	5¼-4⅞	5-5¼	—	4⅜-4½	4½	4⅛-4¾	5½
	5¼-5⅛	5⅛-5⅜	5	5½-5	5½-5¾	6½	4⅝	4⅞-4⅝	—	5¾
	6⅛-6	6⅛-6⅜	6	5⅞-5⅛	6½-6¾	—	—	—	5⅛-5	6¾
	7⅛-6¾	6¾-7⅛	—	7⅝-6¾	7½	—	—	—	—	—
	7⅝-7⅛	7⅛-7½	7-7¼	7⅝-7⅜	7¾	—	—	—	—	—
	—	—	8¼-8⅜	—	—	—	—	—	—	—

uthorities and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rally three years 9½-9⅞ per cent.; four years 10¼-10½ per cent.; five years 11 per cent. ф Bank bill rates in buying rates for prime paper. Buying rate for four-month bank bills 5⅜-5¼ per cent.; four-month trade bills

mate selling rate for one-month Treasury bills 4¼ per cent.; two-month 4⅜-4⅞ per cent.; and three-month 4⅞. Approximate selling rate for one-month bank bills 4⅝-4½ per cent.; two-month 4⅝-4¾ per cent.; and three-month nt.; one-month trade bills 5½ per cent.; two-month 5¼-5⅜ per cent.; and also three-month 5¾ per cent. Finance Houses Base Rates (published by the Finance Houses Association) 6 per cent. from November 1, 1977. Clearing Bank Deposit Rates for small sums at seven days' notice 3 per cent. Clearing Bank Rates for lending 6 per cent. Treasury Bills: Average tender rates of discount 4.4756 per cent.

● NEWS ANALYSIS—TUSSAUD'S/PEARSON BID

Baker St. remains the hub

BY CHRISTINE MOIR

IN MANY ways Madame Tussaud's has not changed much in the 200 years since Madame Marie arrived in England with her wax models of French aristocrats who had met their end under the guillotine of the French Revolution.

After 33 years of peripatetic wanderings throughout the U.K. which gave Dickens the original for Mrs. Jarley in the Old Curiosity Shop, she settled at the site in Baker Street.

To-day it is still the backbone of the business. With the establishment in 1957 of the Planetarium next door (said to be the only commercially successful planetarium in the world) and a £1m. refurbishment of the waxworks itself between 1968 and 1972, the Baker Street complex has been producing significant profit growth each year for the past decade.

By contrast with Baker Street, the more recent acquisitions—Wookey Hole Caves in Somerset in 1973, the exhibition hall in the Kalverstraat in Amsterdam, and last October's purchase of the Tolgus tin streaming mill in Cornwall—are still very insignificant, especially in terms of profit.

This year, after a 70 per cent.-odd rise in interim profits full-year profits should be around £1¾m. against £1.2m. last year. This represents nearly a 50 per cent. upturn for the year after a decade of non-stop growth which has seen profits quadruple since 1968 and double since 1972.

By far the greatest part of this growth has come from the Baker Street site. Although Wookey Hole Caves had 1m. visitors last year profits are slow in building up. The company admits that so far the caves and the nearby paper mill are not yet making a good enough return on their investment—£400,000 to buy it and a further £350,000 by way of further development. But profitability will come, the Board stresses.

Nor has Amsterdam been a strong profit centre so far. Apparently, the problem is not so much attendances which are currently beating records, but the punitive taxes. Of the ticket price 30 per cent. goes in VAT and local entertainments tax but the latter is due to be abolished by the end of next year and there should then be a profit spurt.

Both these sites, however, are insignificant at present. No doubt this explains in part the proposed acquisition of Chessington Zoo from S. Pearson and Son, which was to have been the first step in a new expansion programme.

Expansion has been top priority under the new Board which emerged following the resignation of Mr. Edward Gatacre last year and the appointment of the finance director, Mr. Michael Herbert, as chief executive.

Mr. Herbert, who came to Tussaud's 10 years ago from accountants, Peat Marwick Mitchell, denies that the Baker Street site must be getting close to maximum capacity. Apparently the 14,000 maximum gate per day is only reached in high season and more development of the "shoulder months" is still possible.

The expansion plans, Mr. Herbert insists, are to stimulate independent profit centres not to support stagnant profits at Baker Street. Nevertheless, the company will have to run hard in 1978 to match attendances this year, swelled as they were by the Silver Jubilee celebrations.

Despite this small questionmark over the company, and the still-to-be-proven question of whether it can make a real success from diversification, Madame Tussaud's is still a desirable acquisition for a number of companies, which either are already, or would like to get into, the leisure market. Tussaud's is undoubtedly one of the country's most successful tourist attractions.

These days the interest is concentrated entirely on this aspect of the company. The days when it might have looked desirable to property companies as an asset stripping opportunity are gone.

That water was tested in 1973 when Regional Properties built up a 14.5 per cent. stake (later dispersed amongst institutions who now hold 25 per cent. of the equity). Mr. Neville Conrad, chairman of Regional, declared at the time that he had no intention of closing down the waxworks, but his move made the property world look closely at the Baker Street site.

As it turned out, the site is virtually impossible to develop as an office block. Height limits and zoning regulations which restrict it to residential and entertainment use would create too many headaches.

Which brings us back to Tussaud's attractiveness as a profitable leisure centre. The bid from Pearson at 43p amounts to just over 11 times prospective earnings this year, compared with a market value before the bid of around 7½ times.

The directors at Tussaud's yesterday rejected the offer as inadequate. Their main defence rests on the potential for further earnings growth, not least from the new Laserium shows which were fully booked from June when they opened.

In addition the company's balance sheet last year showed cash of £1m., worth 4.8p per share and this has been growing this year. Stripping out the cash element would bring Pearson's offer down to a p/e of 10.

Given these factors it is not surprising that the market confidently expects alternate bidders to emerge in competition to Pearson, with the major leisure groups high on the lists of possible contenders. After yesterday's sharp rise in the shares to 47p, the market values the group at 12 times prospective earnings.

MINING NEWS

Mt. Newman to go ahead with $A113m. plant

BY KENNETH MARSTON, MINING EDITOR

THE PARTNERS in the giant Mount Newman iron ore operation in Western Australia are reported to have decided to go ahead with a $A113m. (£69.9m.) ore beneficiation plant, approval for which is being sought from the Western Australian Government.

Participants in the joint venture are: Amax (25 per cent.), CSR (30 per cent.), Broken Hill Proprietary (30 per cent.), Selection Trust (5 per cent.) and Mitsui-C. Itoh (10 per cent.).

A spokesman for the venture pointed out in Sydney yesterday that the plant proposal was originally part of a $A300m. plan to expand Mount Newman's capacity to 45m. tonnes of iron ore a year from 40m. tonnes with Japanese mills taking three of the extra 5m. tonnes.

The plant, which will take about two years to come on stream, will convert 7m. tonnes of low grade ore into 5m. tonnes of high grade material a year.

The Japanese were unwilling to take the additional ore in view of their steel industry problems, but the Mount Newman venturers have decided to proceed with the beneficiation plant because of the advantages of turning low grade ore to account, whether the Japanese take it or not.

It is also being pointed out that if the plant proposal is approved by the State Government, it should fulfil the joint venture's commitment to build a secondary processing plant at Mount Newman by 1981.

Meanwhile, it is worth bearing in mind that despite its current problems the Japanese steel industry is obtaining Australian iron ore on favourable terms; purchases are priced in U.S. dollars whereas the Japanese yen has now strengthened to a record rate against the latter currency.

PALABORA PAYS FURTHER 7.5c

At a time when a depressed market for copper has resulted in most of the world's copper mines either losing money or doing little more than break even, the Rio Tinto-Zinc group's low-cost Palabora operation in South Africa continues to pay reasonable dividends.

It now announces a third quarterly interim of 7.5 cents (4.7p) for 1977. This follows a first interim of 15 cents and a second of 7.5 cents. For last year there was a total of 70 cents made up of a first interim of 12.5 cents, a second of 15 cents, a third of 17.5 cents and a fourth of 25 cents. Palabora were 10p up at 450p yesterday.

Greenvale cash is running out

FURTHER GOVERNMENT assistance would be needed if the Greenvale lateritic nickel mine and refinery venture were to survive, the chairman of Metals Exploration, Mr. Reginald Hare, told shareholders yesterday at the annual meeting in Melbourne.

Metals Exploration and Freeport Sulphur of the U.S. jointly own the Greenvale operation which has been plagued with difficulties since it came into production. It is estimated to have cost the partners almost $A60m. (£37m.) in the past three years, our Sydney correspondent reports.

Mr. Hare said that even though every effort was being made to contain costs, it would be necessary, because of lower revenue, again to seek the support of lenders and the Queensland Government in restructuring project debt in accordance with a reduced capacity to pay.

"A definite hurdle to the success of such a programme is the unwillingness of our unions to recognise the continuing loss of competitiveness of Australian export industries, and in particular, our fight for survival at Greenvale where industrial disruptions continue to damage operational efficiency," he said.

If the nickel market worsened and prices continued to fall, Greenvale might face a sustained period of cash drain, which would need the full co-operation and support of lenders, the Queensland Government, customers, suppliers and all employees to survive.

"We are also continuing to keep the Federal Government fully informed on the changing situation, and in the last resort some form of Government assistance may be necessary to avert a shutdown," Mr. Hare added.

In London yesterday, Metals Exploration shares were 14p.

CROWS NEST BID WORTH $C20M. TO YUKON CONS.

Provided Shell Canada Resources obtains Foreign Investment Review Agency approval for its takeover offer of $Can.85 (£42) per share for Crows Nest Industries, Canada's Yukon Consolidated expects net proceeds in excess of $C20m. for its 36.7 per cent. equity in Crows Nest, reports our Toronto correspondent. If this transaction does take place it will probably be in the first quarter of 1978.

Mr. Neil Ivory, Yukon's president, said: "Many alternatives for employment of the funds that will be available to the corporation if the transaction is consummated are being considered." Yukon were 8p down at 132p yesterday.

NCHANGA STILL MAKING LOSSES

Zambia's Nchanga Consolidated Copper Mines continued to operate a loss in the September quarter. Sales revenue from copper, lead and zinc totalled K110m. (£78.6m.) while costs amounted to K114.6m.

However, a tax recoupment of K13.5m. leaves a profit for the quarter of K4m. This makes a total of K8.1m. for the half-year compared with a profit of K11.5m. for the same period of 1976 and a total of K34.5m. (before an extraordinary debit of K32m.) for the 12 months to March 31 last.

Copper sales for the past half-year amount to 217,082 tonnes compared with 201,518 tonnes a year ago, while those of lead and zinc have fallen to 20,135 tonnes from 39,180 tonnes. Nchanga, which is owned 51 per cent. by the Zambian Government and 49 per cent. by Zambia Copper Investments, remains out of the dividend list.

BIDS AND DEALS

More interest in Fairey aircraft side

BY KEITH LEWIS

A representative of Sir Charles Hardie, the Receiver of the Fairey Aviation and Engineering Group, said yesterday that there were now a number of parties interested in buying the aircraft manufacturing side of the group. He declined to name those involved.

Until now, only Short Bros. and Harland, the State-backed Belfast company, has shown a clear interest. This has persisted despite an initial offer from Shorts having been rejected.

Mr. John Godfrey, a partner with Sir Charles Hardie in the accounting firm of Dixon Wilson, told a gathering of the Press and major distributors that it was far too early to say when these negotiations would be concluded. Mr. Godfrey also added that good relations had been restored between Britten-Norman (Bembridge) and Fairey S.A., the Belgian subsidiary whose difficulties prompted the Receiver to be called in last month. As a result, the flow of spares and overall product support is expected to be resumed.

Deadlock was reached at one point between the Belgian authorities, who refused to allow Fairey SA jigs and tools to leave the country, and the U.K. side of the Fairey business. Both argued that the other could not manufacture and sell worldwide the Trislander and Islander aircraft.

All parties have now accepted that the only sensible way to proceed is to co-operate together.

It is likely that this development alone will encourage any would-be buyers to make their move.

A representative of the U.K. workforce said he was pleased with the way the situation was now developing and that the Receiver had given an undertaking to consult the workers before any offer was finally accepted.

Mr. Godfrey told the meeting that the Receiver had taken a decision early on to continue the operations of Britten-Norman (Bembridge) as a going concern, and that 23 firm orders for Trislander and Islander aircraft (worth about £2m.) had been placed since he moved in five weeks ago. This, he said, was "a higher rate of sales than that achieved in the two preceding years."

SCOTCROS

The acquisition of approximately 80 per cent. of the capital of the Remy Group in France has been completed by Scotcros. The deal—valued at £1.07m.—gives Scotcros—packaging food and transport equipment—the major stake in the Remy Group which comprises six companies manufacturing a range of plastic and metal closures and packaging for the food and drink industry. Net assets of Remy at December 31, 1976, were approximately £1,395,000 and pre-tax profit for 1976 some £378,000.

ALLIED INVESTMENTS

Because of the discussions now taking place which may lead to an offer for Allied Investments, and since the Board does not anticipate being able to make a further announcement concerning these before November 27, the conversion period for the 10 per cent. convertible unsecured loan stock 1980 has been extended by one month to December 27.

AID FOR PENTLAND

Industrial and Commercial Finance Corporation is providing a £40,000 loan to Pentland Securities to help with the purchase of the Fountain Inn, at Barnton, Edinburgh. Ind Coope (Scotland) is supplying a loan of £25,000 and the rest of the purchase price is coming from Pentland's own resources.

NO PROBES

Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, has decided not to refer the proposed mergers between Selection Trust and Kleeman Industrial Holdings, and Black Diamonds Pensions and British Investment Trust, to the Monopolies and Mergers Commission.

BIT to get 165p minimum

In a dramatic response to the rejection of its bid by the directors of British Investment Trust, the National Coal Board Pension Funds yesterday placed a guaranteed minimum on the value of its formula offer for BIT's shares.

While the NCB Pension Funds are sticking to the terms of their formula—98 per cent. of net asset value less contingent liablities such as capital gains tax and the dollar premium surrender—they have agreed to pay at least 165p for every BIT share. That 165p—which is in line with the highest price paid for BIT's shares by the NCB Pension Funds since their offer was announced—is marginally higher than the 163.7p at which their offer was valued on the formula yesterday, and a lot higher than the price of BIT's shares in the market. They closed at 146p.

The BIT's rejection of the offer claims that shareholders are being offered only £85 for assets worth £100 on a going concern basis, and that the offer is therefore inadequate. The trust's directors also claim that BIT is a sound, well managed investment trust, which has served shareholders well and should be allowed to continue to do so.

See Lex

Telegraph to discuss redevelopment contract

Representatives of the Daily Telegraph are to meet Norwest Holst, the builder and civil engineer, next Monday to discuss the contract for the redevelopment of the newspaper's Mersey House-Shoe Lane sites, and the extension and modernisation of 135, Fleet Street.

Mr. R. J. Holland, financial adviser to the Daily Telegraph and Mr. H. M. Stephen, managing director, are meeting Mr. E. A. Brian, chief executive of Norwest, and Mr. R. Slater and Mr. A. J. Lilley, two directors.

The move follows the announcement of a full bid for Norwest, which is currently under investigation by the Department of Trade, by two of Norwest's directors Mr. Slater and Mr. Lilley last Thursday, the day that the Daily Telegraph announced that "an agreement in principle" had been reached on the contract.

"What we will be looking at now," said Mr. Holland, "is the contract in relation to the new shape of Norwest Holst. Obviously we need to reappraise the company and see that they have nothing in mind that is detrimental to our interests, now that a controlling stake has been acquired in Norwest." Mr. Slater and Mr. Lilley hold around 55 per cent. of the equity.

Under the contract Norwest is to acquire the freeholds of the sites on completion of each phase of the work under a sale and leaseback agreement. According to the Daily Telegraph the purpose of the sale is to make capital available to fund future plans.

So far no final contracts have been drawn up, but there has been an exchange of letters between the two companies and solicitors have been instructed.

LLOYD'S LIFE TRUSTS VENTURE

Lloyd's Life has now joined the rush of the traditional life assurance companies into unit-linked business, by joining with Gartmore Fund Managers to launch a range of assurance linked products. Through the Gartmore Regular Investment Plan (minimum contributions £10 a month), or Gartmore Single Premium Bonds (minimum investment £1,000), money may be put into one of the seven trusts which (with two trusts of specialist application), make up the Gartmore unit trust stable. Investors may switch between the seven funds (normally buying at a discount to the offer price), and there is a withdrawal plan and a share exchange scheme available. At the moment Gartmore has some £25m. under management in its unit trusts, of which around £12m. is invested in the Gartmore High Income Fund.

ASSOCIATES DEALS

Hill Samuel has bought for a discretionary investment client 3,000 Inchcape at 368p and sold 40,000 Edinburgh and Dundee non associated at 146p.

LANKRO CHEMICALS

Acceptances of the Diamond Shamrock Corporation offer for Lankro Chemicals has been received in respect of over 96 per cent.

The offer is unconditional and remains open. The balance will be acquired compulsorily.

Unicorn is Abrasives suitor

The bidder for Abrasives International, whose shares were suspended a fortnight ago after a takeover approach, has turned out to be Unicorn Industries, the grinding wheels group which is offering 26p per share cash and a second interim dividend of 0.5p if the offer becomes unconditional.

The deal will bring to an end the long wrangling in Abrasives between the two Ashworth brothers, Colin and Stewart, who are the former and current chairmen respectively. At an EGM in September Mr. Colin Ashworth attempted to dismiss his brother but failed because he had not lodged the resolution in time.

Unicorn's bid values Abrasives at £624,000 which might be considered quite generous in view of the shareholders' funds of only £364,000 and the pre-tax loss this year of £6,000. But Mr. T. Flitcroft, group chief executive of Unicorn, said yesterday that Abrasives has "strong recovery potential once the two brothers stop fighting each other."

He believed that profits were currently running at an annual rate of about £100,000 and that in the future a 10 per cent. return on sales should be possible, implying a much higher profits still because turnover is currently running at about £3m. per annum.

The industrial logic for Unicorn said Mr. Flitcroft, is that Unicorn sells sand blasting cabinets and buys in the grain to sell on to its customers. At present, some of this grain is bought from Germany and some from Unicorn. And in future all the grain can be taken from Unicorn.

Another advantage is that Abrasives' sand blasting machine will increase Unicorn's range of products. This is particularly important since Unicorn normally sells relatively little in value to a lot of people. The sales force is therefore relatively large and would be more economic if a larger range could be offered.

The bid is likely to go through since irrevocable undertakings to accept have been received from the Ashworth brothers and their family trusts, amounting to 62 per cent. of the shares.

Firmer but Blue Chips restrained

OUR WALL STREET CORRESPONDENT

NEW YORK, Nov. 23.

...THER WIDESPREAD gains ...e recorded on Wall Street ...ay in another heavy trade, ...ough Blue Chips were ...rained by profit-taking ahead ...o-morrow's market closure for ...nksgiving Day.

...e Dow Jones Industrial ...rage, reflecting the Blue Chips ...d, slipped to 836.28 before ...ng a marginal 0.78 higher on ...day at 843.30. The broader-...d NYSE All Common Index, ...he other hand, rose 25 cents ...e to $53.19 (yesterday's clos-... figure was officially revised to ...94). Rises predominated over ...es by 1026 to 452, while trad-... volume came to 29.15m. shares ...nst 28.30m. yesterday.

...okers said buying continued ...e stimulated by yesterday's ...ernment report of a moderate ... in the Consumer Price index ... month, against analysts' ...ctations of a substantially ...er increase.

...so helping sentiment was a ...dy money policy course by ... Federal Reserve, which has ... accompanied by steadier ...rest rates. The Fed's money market moves to-day showed no change in its target rate of an average 6¾ per cent. on key Federal Funds.

Airco, the leading active were ahead $2⅞ at $35½—BOC International announced that discussions are continuing with Airco regarding the possibility of BOC acquiring additional stock.

Hewlett-Packard lost $3 to $73⅝ on lower October-quarter profits.

Globe-Union, on raising its dividend and declaring two-for-one stock split, added $¾ at $49¼, while Santa Fe rose $1¼ to $53½ on stating that it expects a record year in 1978.

THE AMERICAN SE Market Value Index moved ahead 1.26 more to 121.84 in an active business, with advances leading declines by 402 to 235.

Kirby Exploration were up $1½ at $25⅛.

...DNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
...	331.300	35⅛	+2⅞
...ada Inns	212.600	4⅛	+⅝
...ay Inns	203.000	15⅛	+1
...nonwealth Oil	196.300	2⅝	−⅛
...	194.100	7⅞	—
...er Lambert	186.500	27⅞	+1
...ne Richfield	173.800	51⅞	+⅞
...ard Special	171.600	⅞	—
...arva Power	170.700	14	+⅛
... Roebuck	166.100	31⅛	+⅛

OTHER MARKETS

Canada higher

Canadian Stock Markets were inclined to gain ground yesterday in fairly active trading, although Banks shed 0.56 to 223.41 on index. The Toronto Composite Index was 2.5 higher at 997.0, while Golds recovered 21.5 to 1143.6, Oils added 10.1 at 1313.8, and Utilities put on 0.33 to 163.89.

Francana Oil put on $¾ to $7⅛ on higher earnings, while IAC, on raising its dividend, added $⅝ at $16⅞. Ford Motor Canada jumped $4⅞ to $81½ in response to an extra payment with its quartorly dividend. Harlequin Enterprises, which plans a three-for-one stock split, were up $⅛ at $26⅛.

PARIS—Share prices mainly took a turn for the better in slack trading.

Rhone Poulenc shares, Frs.8.55 higher at Frs.62.00, were withdrawn from business after rising the maximum permitted daily amount.

Among Motors, Peugeot moved ahead Frs.9 to Frs.303, while Ferodo were also sharply higher. Elsewhere, Aquitaine advanced Frs.22 to Frs.361, BIC Frs.20 to Frs.576, and Moulinex Frs.5.5 to Frs.186.0.

BRUSSELS—Mixed in quiet trading.

Fabrique Nationale advanced B.Frs.70 to B.Frs.2,595 and Petrofina B.Frs.40 to B.Frs.3,890, but Arbed declined B.Frs.60 to B.Frs.1,930. Vieille Montagne B.Frs.55 to B.Frs.1,600, and Banque Bruxelles Lambert B.Frs.22 to B.Frs.1,476.

AMSTERDAM—Market recorded widespread gains.

However, Dutch Internationals had Royal Dutch Fls.2.60 lower on large offerings. Hoogovens were unchanged at Fls.25.00 following news of its Fls.86.2m. third-quarter net loss, while the rest of the sector were little altered.

Elsewhere, Van Ommeren and Ennia rose Fls.3.30 apiece, while Heineken added Fls.3.40 and AMEV Fls.2.30.

State Loans were steady.

COPENHAGEN—Weak in fairly active dealings. Nord Kobel fell Fr.7 to Kr.254½ and Superfos Kr.5½ to Kr.198.

GERMANY—Easier for choice but above the day's worst following nervous trading which reflected uncertainty on the Foreign Exchange markets.

BASF, which expects stagnant sales growth this year, were only DM0.2 lower as the interim report was largely in line with market expectations.

Commerzbank fell DM1.90 on a proposed rights issue. Conti-Gummi were just a shade down after announcing higher sales for the first 10 months of the year.

Public Authority Bonds fell by up to DM0.25, while the Regulating Authorities bought DM2.3m. nominal of stock (DM1.3m.). Mark Foreign Loans were also easier.

SWITZERLAND — Shares improved over a broad front, bolstered by the overnight rise on Wall Street. Buying was particularly active among leading Industrials despite the dollar's weakness.

BBC "A," however, shed Frs.15 to Frs.1,655 following the intermediate report on the company and its planned expansion of U.S. activities, but the Registered stock and Participation Certificates were higher.

Sandoz advanced Frs.60 to Frs.4,160 on good support, while Nestle put on Frs.50 to Frs.3,590.

Domestic and Foreign Bonds gained ground, sentiment aided by terms of the new Canton Zurich loan with a coupon of 3.75 per cent.

STOCKHOLM—Inclined higher, with Mo Och Domsjo adding Kr.3.5 at Kr.46.5.

SPAIN—Further losses occurred yesterday, lowering the market index 0.99 more to 66.08. Banco Zaragozano receded 10 points to 328 and Galerias Preciados 5 to 120.

VIENNA—Generally steady in light volume, although Banks moved higher.

MILAN—Prices moved ahead on renewed interest as selling pressure abated.

Fiat were particularly firm in Industrials, rising L45 to L1,990, as were Snia Viscosa, L18 higher at L508, while Pirelli appreciated L20 to L2,150.

JOHANNESBURG—Gold shares were mostly higher on local and Overseas demand, interest prompted by higher Bullion indications.

Financial Minings were quiet but selectively higher. Coppers were at previous levels and Platinums a fraction lower in places. De Beers hardened 2 cents to R5.30.

TOKYO—Market was closed yesterday for Labour Thanksgiving Day.

HONG KONG—Slightly firmer in another thin business.

Hutchison rose 5 cents to $HK 3.025, Hong Kong Bank 20 cents to $HK18.40, Jardine Matheson 10 cents to $HK13.40, and Wheelock 2.5 cents to $HK2.45.

AUSTRALIA—The Mining sector weakened further, depressed by the latest opinion poll putting the Opposition ahead of the Government and by sales of Australian stocks in London overnight.

Prominently lower were Uranium issues on fears that a new Labour Government might ban uranium mining. Pancontinental fell 30 cents to $A7.50, Peko-Wallsend 6 cents to $A4.76, and Queensland 5 cents to $A1.70.

Banks were sharply lower, BNC Wales retreating 16 cents to $A5.20, National 7 cents to $A2.63, and CBA 15 cents to $A2.83. However, ANZ gained 2 cents at $A3.34 on higher profits.

Sugars had CSR 10 cents down at $A2.72, but Industrials tended to recover some of the recently lost ground.

Indices

NEW YORK—DOW JONES

	Nov. 23	Nov. 22	Nov. 21	Nov. 18	Nov. 17	Nov. 16	1977 High	1977 Low	Since compilation High	Since compilation Low
Industrial	843.30	842.52	836.11	835.76	851.86	857.06	999.75 (3/1)	800.85 (2/11)	1051.70 (11/1/73)	41.22 (2/7/32)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

N Y S E ALL COMMON

Nov. 23	Nov. 22	Nov. 21	Nov. 18	1977 High	1977 Low
53.19	52.94	52.49	52.51	57.07 (4/1)	49.78 (2/11)

Rises and Falls

	Nov. 23	Nov. 22	Nov. 21
Issues traded	1,887	1,872	1,866
Rises	1,026	1,036	692
Falls	452	443	694
Unchanged	409	393	480
New Highs	111	95	57
New Lows	14	11	15

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
● DM50 denom. unless otherwise stated
♥ Ptas 500 denom. unless otherwise stated
♣ Kr 100 denom. unless otherwise stated
♦ Frs.500 denom. unless otherwise stated
¶ Yen 50 denom. unless otherwise stated
§ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. ...

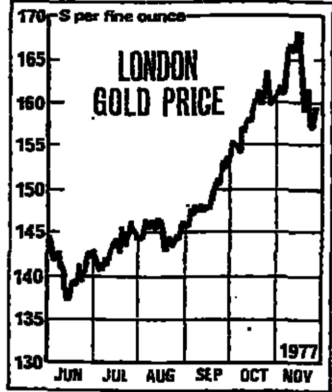
Dollar weak

The U.S. dollar remained weak in the foreign exchange market yesterday and the stronger currencies were again at record levels in terms of the U.S. unit. The expected continuation of a very large trade deficit in the U.S. is in sharp contrast to the surplus run by Japan and West Germany, and both the yen and the D-mark were at their highest ever levels against the dollar. The Japanese currency broke through the Y240 level against the dollar for the first time, touching a high point of Y238.40 before closing at Y239.85 compared with Y240.60 previously, and the German D-mark rose to a record level of DM2.2280, before closing at DM2.2310 compared with DM2.2320 on Tuesday. The Swiss franc also hit a new peak of Sw.Frs.2.180 and closed at Sw.Frs.2.1860 against Sw.Frs.2.1940 previously.

The dollar's trade-weighted depreciation since the Washington Currency Agreement, as calculated by Morgan Guaranty of New York, widened to 2.66 per cent. from 2.52 per cent.

Sterling opened at $1.8175-1.8185 in terms of the dollar, and fell to $1.8140-1.8150, before recovering to $1.8230-1.8240. It closed at $1.8190-1.8200, a rise of 15 points on the day. The pound's trade-weighted index against a basket of currencies, as calculated by the Bank of England, rose to 63.4 from 63.3, after standing at 63.4 at noon and 63.3 in early dealings.

A renewed demand for gold, and the possibility of an end to the recent bout of stop-loss selling helped the metal to rise $2¼ to $159-159¾ in fairly active trading. The krugerrand's premium over its gold content rose to 4.78 per cent. from 4.06 per cent. for domestic delivery, and to 3.69 per cent. from 2.79 per cent. in the international market.



CURRENCY RATES

	Special Drawing Rights November 23	European Unit of Account* November 23
Sterling	0.652056	0.643309
U.S. dollar	1.18622	1.17044
Canadian	1.31789	1.30186
Austria Sch.	18.8659	18.6191
Belgian franc	41.6274	41.0737
Danish krone	7.25789	7.16002
Deutschemark	2.64290	2.60984
Dutch Guilder	2.85286	2.81548
French franc	5.74842	5.67285
Italian lira	1040.43	1026.90
Japanese yen	—	279.698
Norway krone	6.45837	6.36554
Spain peseta	98.0933	96.7862
Swedish krone	5.69030	5.61307
Swiss franc	2.59248	2.55847

EXCHANGE CROSS-RATES

Nov. 23	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.2313 23	46.01-11	6.561-561	4.056-062	92.64-72	101.95 2.05
New York	44.82 84	—	20.65-64	2.8490 520	1.8125 8195	41.63.65	45.70 72
Paris	217.08-7.58	4.8400-8520	—	13.794-832	8.8115-8515	201.31-81	221.66-2.15
Brussels	15.12-76	35.06-11	7.25-25	—	63.79-96	14.57-62	16.05 10
London	4.05¼-06¾	1.8190 8200	8.31¼-42¾	63.80-90	—	4.37¼-32¼	3.97¼-98¼
Amst'dam	107.865 915	2.4051-62	49.815 665	6.8605-56	4.3755 3805	—	110.045-115
Zurich	98.02-10	2.1855 93	45.14-18	6.2300-75	3.9767-8796	90.23-97	—

U.S. $ in Toronto U.S. $=110.91-95 Canadian Cents.
Canadian $ in New York $=90.10-12 U.S. cents. U.S. $ in Milan 877.20-60.
Sterling in Milan 1596.50-1597.50.

EURO-CURRENCY INTEREST RATES*

Nov. 23	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark
Short term	3⅞-4⅛	6-7	6¼-6½	5-5¼	2¾-3	3⅞-4
7 days' notice	4¼-4¾	6¼-7¼	6⅜-6⅝	5-5¼	6¼-6½	3⅞-4
Month	4⅞-5⅜	6⅞-7⅛	6⅛-6⅜	5-5¼	2¼-2⅜	3⅞-4
Three months	6-6½	7⅛-7½	6¾-7	5¾-6	2⅞-3	4-4
Six months	6¾-7⅛	7-7	7⅛-7⅜	5⅞-6⅛	2-3	4-4
One year	7¼-7⅞	7⅝-8	7¼-7½	6⅛-6⅝	2-3	4⅛-4¼

Euro-French deposit rates: two-day 10⅛-10⅝ per cent.; seven-day 10⅝-10⅞ per cent.; one-month 11[illegible]-11[illegible] per cent.; three-month 12¼-12⅝ per cent.; six-month 12½-12⅞ per cent.; one-year 12⅜-12⅞ per cent.

Long-term Eurodollar deposits: two years 7⅝-7⅞ per cent.; three years 7⅞-7⅞ per cent.; four years 7⅞-8 per cent.; five years 7⅞-8⅛ per cent.

The following nominal rates were quoted for London dollar certificates on deposit: one-month 6.65-6.75 per cent.; three-month 6.85-6.95 per cent.; six-month 7.08-7.18 per cent.; one-year 7.25-7.35 per cent.

* Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

GOLD MARKET

	Nov. 23	Nov. 22
Gold Bullion (a fine ounce)		
Close	$159-159¾	$156½-157¼
Opening	$157-157¾	$156½-157¼
Morning fix'g	$158.50 (£87.141)	$156.65 (£86.556)
Aftern'n fix'g	$159.30 (£87.595)	$156.15 (£86.118)
Gold Coins, domestically		
Krugerrand	$166-168 (£91¼-92¼)	$162¼-164¼ (£89¼-90¼)
New Sov'r'gns	$47-49 (£26-27)	$46½-48½ (£25½-26½)
Old Sov'r'gns	$47-49 (£26-27)	$46¼-48¼ (£25½-26½)
Gold Coins (Internat'lly)		
Krugerrand	$164¼-166¼ (£90¼-91¼)	$160¼-162¼ (£88-89)
N'w Sov'r'gns	$47½-49½ (£26¼-27¼)	$46½-48½ (£25½-26½)
Old Sov'r'gns	$46½-48½ (£25½-26½)	$45½-47½ (£25-26)
$20 Eagles	$243½-248½	$242-245

FOREIGN EXCHANGES

Nov. 23	Bank Rate %	Market Rates Day's Spread	Market Rates Close
New York	6	1.8140-1.8240	1.8190-1.8200
Montreal	7½	2.0165-2.0255	2.0205-2.0215
Amsterdam	4½	4.36¼-4.39¼	4.37¼-4.38¼
Brussels‡	6	63.70-64.05	63.80-63.90
Copenhagen	9	11.12-11.16¼	11.14-11.15
Frankfurt	3½	4.04¼-4.07¼	4.05¼-4.06¼
Lisbon	13	73.55-74.00	73.80-73.95
Madrid	8	150.05-150.55	150.35-150.45
Milan	11½	1,587-1,597	1,595-1,596
Oslo	6	9.88-9.96	9.92-9.93
Paris	9½	8.79-8.82¼	8.88¼-8.89¼
Stockholm	8	8.69-8.73½	8.72-8.73
Tokyo	4¼	432-442	436-438
Vienna	5½	28.85-29.10	28.95-29.05
Zurich	1½	3.97-4.00	3.97¼-3.98¼

‡ Rates given are for convertible francs. Financial franc 65.75-65.95.

New York on Nov. 22 close 1.8175-1.8185.

OTHER MARKETS

			Notes Rate
Argentina	991.35-991.55	Argentina	900-1000
Australia	1.5858-1.6150	Austria	28¾-29¾
Brazil	28.04-28.24	Belgium	63¾-65
Finland	7.65-7.67	Brazil	[illegible]
Greece	64.745-66.360	Canada	2.00-2.02½
Hong K'ng	8.47½-8.50¼	Denmark	[illegible]
Iran	125-131	France	8.75-8.90
Kuwait	0.501-0.520	Germany	4.00-4.15
Luxemb'g	63.80-63.90	Greece	74-79
Malaysia	4.50¼-4.52¼	Italy	1570-1610
N. Zealand	1.8100-1.8262	Japan	430-450
Saudi Arab	6.31-6.41	Nether'nd	4.40-4.45
Singapore	4.28¾-4.31¾	Norway	9.85-10.00
S. Africa	1.5700-1.5953	Portugal	75-80
U.S.		Spain	150¼-154¼
Canada		Switz'land	[illegible]
C$1		U.S.	[illegible]
U.S. cents	[illegible]	Yugoslavia	[illegible]

Rate given for Argentine free rate.

FORWARD RATES

[illegible]

OVERSEAS SHARE INFORMATION

NEW YORK

[illegible]

CANADA

[illegible]

GERMANY ●

[illegible]

AMSTERDAM

[illegible]

COPENHAGEN ♣

[illegible]

VIENNA

[illegible]

TOKYO ¶

Nov. 22	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	346	−2	14	2.0
Canon	460	−8	11	1.2
Casio	462	−6	25	2.7
Chinon	345		20	2.9
Dai Nippon Print	524	−4	18	1.7
Fuji Photo	594	−16	15	1.3
Hitachi	179	−5	12	3.4
Honda Motor	505	−24	18	1.8
House Food	1,130	−10	35	1.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source Nikko Securities Tokyo

BRUSSELS/LUXEMBOURG

[illegible]

PARIS

[illegible]

SWITZERLAND ♦

[illegible]

MILAN

[illegible]

STOCKHOLM

[illegible]

AUSTRALIA

Nov. 23	Aust. $	+ or −
ACMIL (25 cent)	†0.68	
Acrow Australia	†0.73	
Allied Mfg.-Trdg. Inds. $1	†2.12	−0.01
Ampol Exploration	‡1.04	
Ampol Petroleum	†0.66	−0.01
Assoc. Minerals	†0.91	
Assoc. Pulp Paper $1	†1.95	
[illegible]	[illegible]	[illegible]

OSLO

[illegible]

BRAZIL

[illegible]

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

Securities Rand Discount 35¼%

SPAIN ♥

[illegible]

Investment premium based on $2.60 per £ — 97½% (100½%)

INTL. FINANCIAL AND COMPANY NEWS

Estel stays in red for third quarter

By Michael van Os

AMSTERDAM, Nov. 23.

THE DUTCH-GERMAN steel combine, Estel, ended the third quarter of this year with a net loss of Fls.86.2m., reflecting the continuing deep crisis in the steel markets.

Thanks to a "slight" improvement in the market during the quarter, the loss was somewhat lower than that of the previous quarter (Fls.95.8m.) which was the worst quarter in the company's history. The third quarter of 1976 had shown a small profit of Fls.14m.

The still considerable loss in the "steel" division was lower than in the preceding two quarters, but in "Steel Processing" and "Trading" the results worsened in the third quarter. The latter division, in fact, suffered a slight loss during the quarter as a result of insufficient demand and low prices. "Processing" remained in the black in the first nine months of the year.

The company commented at a Press conference in Njimegen to-day that a further improvement in results was expected for the current quarter, with the aid of the introduced cost-saving measures. These, coupled with a slight improvement of production capacity utilisation, had been responsible for the fractionally-improved picture of the results in the third quarter.

The Estel Board stressed that further developments would depend on the results of the European talks on steel price improvements and the oportunities for exports to third countries.

The chairman, Mr. Jan Hooglandt, also urged that the EEC tackle the problem of cheap steel imports from East bloc countries. "The European steel industry is very sick indeed, and intensive care from the European Commission alone can make it healthy again."

The company's quarterly statement, published to-day, showed sales have fallen to nearly Fls.2.3bn. in the third quarter from Fls.2.4bn. in the previous quarter, and from Fls.2.4bn. in the corresponding period of last year. The quarter's operating result—after depreciation and other costs—showed a loss of Fls.67.4m. (loss Fls.79.6m. in the previous quarter, profit Fls.67.1m. in the same 1976 period). The pre-tax loss was, respectively, Fls.86.2m., Fls.95.8m. and (profit) Fls.17.6m.

In the period January/September this year, Estel's sales were still up marginally on last year to total Fls.6.93bn. (nearly Fls.6.9bn.). The operating loss worsened to Fls.207.7m. (Fls.79m.), the pre-tax loss to Fls.261.9m. (Fls. 200.6m.) and the net loss to Fls.261.7m. (Fls.94.2m.).

As regards steel production, the company's crude steel output was up to nearly 2.6m. tonnes in the third quarter from 2.2m. in the previous quarter, but was still down from the same quarter of last year. This brought them nine months' output to nearly 7.1m. tonnes (nearly 7.7m.). In the third quarter, total staff fell fractionally from the level of the previous quarter.

Irish Akzo facing threat of closure

By Giles Merritt

DUBLIN, Nov. 23.

IRISH GOVERNMENT and trade union officials are now waiting to see whether the Dutch multinational corporation Akzo will carry out its threat to close its Irish subsidiary, Ferenka.

The steel cord plant at Limerick, which was formerly managed by Dr. Tiede Herrema when he was the victim of a Republican kidnapping drama two years ago, is now in the 35th day of an inter-union dispute that has cost an estimated £800,000 in lost production. The management of the Akzo parent has indicated in Holland that the factory could soon be closed if a settlement is not reached, putting Ferenka's 1,400 employees out of work and threatening the livelihoods of other smaller businesses in the Limerick area.

Since the dispute over union affiliations and membership began in October between the Irish Transport and General Workers Union and the Marine Port and General Workers Union, picketing of the Ferenka plant has brought production of its steel belting for the carcass of tyres to a standstill.

The Dutch subsidiary's history since its 1972 opening has not been a happy one, and that is no doubt contributing to the Akzo threat of closure. The £20m. Limerick plant had been scheduled for further expansion and by 1980 its workforce was to have 3,000. But during 1975 the company lost over £3m. with labour disruptions associated with Dr. Herrema's kidnapping accounting for at least £½m. of that. Last year losses were around £2m.

A fortnight ago a delegation from the Akzo main Board visited Dublin for discussions with Mr. Desmond O'Malley, the Industry Minister, and is understood to have warned him that closure of the plant is an increasingly strong possibility. Yesterday the Irish cabinet discussed the Ferenka crisis but no official statement was issued afterwards.

SWEDISH NEWS

Volvo's third quarter setback

BY WILLIAM DULLFORCE

STOCKHOLM, Nov. 23.

VOLVO, the Swedish car and truck manufacturer, to-day revealed a third quarter profits plunge fom Kr.144m. last year to Kr.25m. (£2.85m.). The slide stems mainly from the loss made by the Volvo car BV, the Dutch company which is making the new, medium-sized 343 model.

For the first nine months of this year Volvo shows a fall of over 50 per cent. in pre-tax earnings from Kr.490m. to Kr.229m. (£26.2m.). Group turnover for the period was Kr.11.38bn. (£1.3bn.), a slight reduction from the corresponding period of 1976. Third quarter earnings of Kr.25m. compare with Kr.123m. in the second quarter and Kr.81m. in the first quarter.

Mr. Pehr Gyllenhammar, managing director, following Volvo's usual practice, would not forecast the final 1977 result, but it should be noted that the Kr.229m. nine-month figure does not include devaluation losses on the group's foreign loans or any adjustments from the devluation in translating the foreign subsidiaries accounts into Kronor.

These losses are expected to be some Kr. 135m. for the year as a whole. They will be only partly balanced by an extraordinary profit of around Kr.40m. from the sale of plant.

Mr. Gyllenhammar said that of the group products only the trucks and aero-engines were showing satisfactory profitability. The profits decline was due to an overall weakening in demand, lower car sales in Sweden and a deterioration in profitability on cars, construction, farm and forest machinery and marine engines.

The nine-month result showed that, like a large part of Swedish industry, Volvo had problems. The decline in performance during recent years was the result of a "deterioration of almost unparalleled swiftness in the competitive power of an industrial nation."

Mr. Gyllenhammar said the Dutch operation had not come up to expectations and was making heavy losses, the production volume of the 343 car was so low that without financial support Volvo could not sustain the losses it was expected to make in the next years, until profitability was achieved.

Volvo is negotiating with the Dutch Government, which has a 25 per cent. share in the Volvo Car BV, for such support which Mr. Gyllenhammar assumed would be forthcoming.

Group car production during the first nine months was lower than sales, which totalled Kr.8.25bn. in value, a drop of some Kr.190m. The production cutback has reduced stocks. Sales to customers outside Sweden have increased slightly but have not kept pace with the overall market growth. The Volvo 240/260 series are still just in the black but group car production is running at a loss.

Production of the 240/260M series is scheduled to reach only 175,000 this year or 67.3 per cent. of capacity, while Volvo Car BV should manufacture 64,000 cars or some 62 per cent. of the capacity of the Dutch factories. Overall car capacity utilisation is likely to be around 63 per cent. this year.

Group liquidity at the end of September was Kr.1.89bn., a slight increase since the beginning of the year.

Boliden forecasts Kr.130m. loss

BY OUR NORDIC CORRESPONDENT

STOCKHOLM, Nov. 23.

BOLIDEN, the metals and chemicals group, reports a further decline in earnings in its nine-month interim, which shows a loss before extraordinary items of Kr.75.3m. (£8.6m.). Sales grew by Kr.150m. to Kr.1.9bn. (£217m.).

The management has lowered its 1977 profit forecast for the third time this year and is now anticipating a final loss of just under Kr.130m., which would include devaluation losses on its foreign borrowing. Against this, the sale of Sala International, the concern's machinery manufacturing subsidiary, to Allis Chalmers, could produce an extraordinary profit. This sale has just been finalised.

The loss for 1977 is estimated to come out at around Kr.14 a share. Last year Boliden cut its shareholders' dividend from Kr.10 to Kr.7 a share.

The further earnings setback is attributed to the negative development of the parent company's metal operations, the postponement of fertiliser deliveries, and continuing deterioration in the performance of Sala International.

The major part of the nine month loss stems from the metals operations, which have been hurt by the low prices for copper and zinc, which have been only partially countered by the improvement in lead prices. The Supra Chemicals company had pre-tax earnings of Kr.22m. while Boliden Trading, which has been expanding fast, contributed a pre-tax profit of Kr.7.6m.

Mr. Aake Palm, the managing director, singled out the obligatory investments in environment improvement at the concern's works as a major reason for Boliden's declining profits. The concern has invested close to Kr.400m. for this purpose in recent years and it is now seeking Government credit support to meet the burden.

But, Mr. Palm emphasised that Boliden's mining operations were fully competitive under normal business conditions and were not beset with the structural problems from which other Swedish industries were suffering. The balance sheet would be improved by the sale of Sala International, a savings programme had been initiated, investments were being curtailed and some production units might be closed down, in order to see Boliden through the present recession.

Kockums rejects nationalisation report

By David Freud, Industrial Staff

KOCKUMS, the last major Swedish shipbuilding group in private hands, last night dismissed reports that it was about to be nationalised.

Mr. Nils-Hugo Hallenborg, the president, said the allegation, made in an influential Swedish business magazine, was a fabrication.

The Board of the group, which in common with other OECD shipbuilders was being affected by the recession, was considering a number of options.

Government credit guarantees would allow it to build a third liquefied natural gas carrier, and there was still a chance of the Swedish natural gas distribution network going through.

Nationalisation was only an extreme option.

Major blow for Corco

By John Wyles

NEW YORK, Nov. 23.

COMMONWEALTH OIL Refining Company's year-long struggle to avoid financial collapse has been dealt a major blow by Ashland Oil, which has now decided against taking a $50m. controlling stake in the troubled company.

Discussions on "possible alternative transactions" are still going on between the two companies against an effective deadline of November 30. Commonwealth's creditors have allowed a moratorium on until then on repayments on the company's $27am. debt to allow time to consummate the deal with Ashland.

Ashland's move to back away from its proposed $50m. investment in new Commonwealth convertible preferred stock was foreshadowed a fortnight ago by Mr. Orin E. Atkins, its Chairman and Chief Executive officer, in talk to security analysts.

He said then that Commonwealth had bee unable to renegotiate all but one of the key joint venture contracts affecting its giant petrochemical complex in Puerto Rico and the profitability of the company. The unresolved contract with W. R. Grace, covering a joint venture known as Oxochem, was to have been renegotiated at the same time as it was to have been purchased by Tenneco Inc. for $30m., however Tenneco decided against going ahead with the purchase, causing a shortfall in available cash for Commonwealth's regeneration.

Much would seem to be at stake over the next few days as Commonwealth seeks an alternative solution with both Ashland and its long term lenders. Mr. Gary W. Davis, Commonwealth President and Chief Executive, has said repeatedly over the past six months that without Ashland exercising its option "the only practical solution to the company might be to seek protection under the bankruptcy laws."

Youghal Carpets expansion

BY A SPECIAL CORRESPONDENT

YOUGHAL CARPETS (Holdings), the Irish carpets group with extensive U.K. interests, is set to make a further strong challenge in world carpet markets with the completion of a major new yarn plant at Waterford, in Ireland.

The company which had a turnover of £28.7m. in the first half of 1977, making it one of the largest carpet groups in the U.K. and Ireland, will now be able to produce a total of more than 400,000 lbs of wool and wool blend yarn a week from its Irish mills. The bulk of production from these goes to the group's ten tufted and woven carpet manufacturing plants in Ireland, the U.K. and Holland.

The new Waterford plant will have an annual output of 3m. lbs. and will produce basic yarns for 80 per cent.—20 per cent. wool-nylon carpets, and speciality yarns for use in top quality Axminsters aimed at world carpet markets.

Youghal will be occupying 137,000 square feet of floor space at the factory—about one-third of the total—and will be retaining the remainder for future expansion of spinning or other manufacturing activities.

The Youghal group, one of Ireland's post-war industrial success stories with sales up from £1.8m. in 1966 to £54.3m. last year, already has a modern woollen spinning plant at Killacloyne, near Cork, which supplies the company's Morris of Kidderminster and Wilton Royal subsidiaries in Britain. Another spinning plant at Celbridge near Dublin was acquired when the company took over the other major Irish carpet weaving group, Navan, in 1972. The group also has a stake in Europe through KVT, a Dutch tufted and woven carpet producer acquired in 1974.

The group is currently seeking to expand in export markets to counteract difficult trading conditions in the U.K., traditionally its main market. Because of weak demand, two of the group's weaving subsidiaries, Morris, and Youghal Carpets — the original member of the group—have been making losses, and this resulted in a fall in first-half profits this year to £1.7m., from £2m. in the first six months of 1976.

A special effort is being made to win contract business with major institutional purchasers, such as hotels, in North America and the Far East, and the group has this year shipped 70,000 sq. yds. of carpet for installation in three hotels in the gambling resorts of Reno and Las Vegas, as well as 22,000 sq. yds. for a hotel in Seoul, Korea.

High price for Chrysler minis

By Our Own Correspondent

NEW YORK, Nov. 23.

CHRYSLER Corporation appears to have decided against plunging its two new small car designs, the Plymouth Horizon and the Dodge Omni, into direct competition with other domestically produced small cars.

Suggested retail price for the new front-wheel-drive models, to be launched in January, will put them in the category of the higher-priced imports, the Volkswagen Rabbit and the Ford Fiesta. At $3,706, the Omni and Horizon will be substantially more expensive than Ford's domestically-produced small car, the Pinto, and also more costly than General Motors' market standard bearer in this market, the Chevette.

The Ford Fiesta has been selling at $3,799 and the Rabbit at $3,869. By settling into this category, Chrysler will have a tough marketing job on its hands.

Although Chrysler has said nothing officially, the high price of its new models may be a reflection of its need to improve earnings which are slipping below expectations.

Iscor plans R60m. issue

BY RICHARD ROLFE

JOHANNESBURG, Nov. 23.

THE STATE steel group, Iscor, which recently showed a positive cash flow of R100m. for the year ended June 30, is coming to the market for R60m. next week in an issue which tends to confirm the pause already evident in the pattern of declining interest rates.

Underwriting guarantees for the loan have been obtained by Union Acceptances, Central Merchant Bank and Volkskas Merchant Bank. There are two 21-year stocks offering a basic yield of 11.82 per cent. and an all in rate of 11.87 per cent. and an 8-year issue at 11.45 per cent. basic and 11.52 per cent. all in.

The long-term 11.87 per cent. rate compares with 11.80 per cent. that Escom paid two months ago in its R50m. issue. But Escom stock has always enjoyed a slight premium over Iscor.

The last major Iscor issue was in May when a R40m. loan was oversubscribed. The long term rate then offered was 12.65 per cent.—0.78 per cent. higher than Iscor is offering in the present issue.

Calan sells Vianini

THE conglomerate group, Calan, has reduced its exposure to the recession-hit building industry by the disposal of its wholly-owned concrete pipe manufacturing subsidiary, Vianini Pipes, to Everite for R2.3m. cash. Everite, controlled by the Swiss Holderbank group, which also controls Anglo-Alpha Cement in South Africa, is already in the business of making asbestos cement piping and related products.

EUROBONDS

DM sector more active

By Francis Ghilès

IN THE D-Mark sector new issue activity is picking up: the DM150m. for Norges Kommunalbank has been increased to DM200m. To-day Deutsche Bank is expected to announce a DM200m. issue for Sweden. The issue is expected to be for a final maturity of 12 years (average life 5.6 years) with the coupon indicated at 6 per cent. and the pricing at a small discount.

The second sterling Eurobond, £25m. for Total Oil Marine started trading at 99¼-99¾, higher than most dealers expected, but quickly fell back to 98¾-99¼ and closed at 99-99½.

The U.S. dollar sector of the market had a quiet day. The UBAF floating rate note was priced at par by lead manager Credit Lyonnais. Minimum coupon for this $25m. is 7¼

INTERNATIONAL FINANCIAL AND COMPANY NEWS

[GE]RMAN COMPANIES

BASF profits decline by a fifth

[B]Y GUY HAWTIN FRANKFURT, Nov. 23.

[AFT]ER last year's powerful [reco]very West Germany's [chem]ical industry is once again [in th]e sales doldrums. Turnover [duri]ng the first three quarters stagnated and earnings have [take]n a heavy pounding.

[BA]SF, one of the industry's [big] three, to-day disclosed that [grou]p turnover rose by only 1.7 [per] cent. during the first nine [mon]ths, while pre-tax profits fell [by a]lmost a fifth (19.6 per cent.). [Utili]sation of capacity has shown [a he]avy decline, with the parent [comp]any's plant operating at [betw]een 60 and 70 per cent. of [its p]otential.

[Th]ere is no reason to believe [that] BASF's experience is in [any] way extraordinary. Indeed, [its] competitor Hoechst presented [a si]milar report on its perform[ance] during the first eight [mon]ths of the year.

[A]t the roots of many of the [che]mical industry problems is [the] continuing rise in the parity [of t]he Deutsche mark against [the] dollar and other leading [curr]encies. It has bitten hard [on] chemical companies earn[ing] as many of their products [are] priced at world standards. [At t]he same time, it has opened the West German market to [con]siderable import competition.

[P]rofessor Matthias Seefelder, [BA]SF's chief executive, said [imp]orts had risen "enormously." [A]nd over capacity in certain [pro]ducts had exerted such a [pre]ssure on prices that BASF's [...] price index in September [was] some 7 per cent. under the [leve]l of the same period of 1976.

[P]rof. Seefelder admitted that [the] group's somewhat optimistic [targ]ets for the year had not been [rea]ched. The hoped for improve[me]nt in business after the [sum]mer pause had failed to [mate]rialise.

[T]he situation in October had [con]tinued gloomy and the group [now] expects that it will end the [...] year in a "no growth" [situ]ation. The parent concern, [BA]SF AG, could possibly register [a sl]ight decline in sales compared [with] 1976.

BASF's management is also reckoning that "negative influences" will also be at work in 1978, according to Prof. Seefelder. However, although an improvement was expected in the medium term, growth rates were likely to be very limited. Earnings prospects would, to an important degree, be dictated by the next round of pay talks.

Group turnover in the first three-quarters totalled DM15.86bn. (£3.91bn.), compared with DM15.6bn. in the same period of 1976. Earnings plunged from a pre-tax DM1.07bn. in the opening nine months of last year to DM863m.

BASF AG reported that turnover slipped during the period by 1.3 per cent. from DM7.36bn. to DM7.27bn. Home turnover was 6.8 per cent. to DM3.33bn., while perhaps even more worryingly overseas sales declined by 1.6 per cent. to DM3.94bn. Pre-tax profits were not quite as hard hit as those of the group, but even so they were down by 17.8 per cent. from DM659m. to DM542m.

Group capital investment during the period rose by 15 per cent. to DM1.14bn. and that of BASF AG went ahead by 27 per cent. from DM471m. to DM598m. Personnel costs at BASF AG rose by 4.9 per cent.—to DM1.75bn.—despite an increase of just 0.1 per cent. in the labour force.

Shareholders can probably look forward to a cut in dividend for 1977 after last year's 17 per cent. Prof. Seefelder pointed out that developments on the profits front would obviously influence the year's payout.

Commerzbank £61m. rights issue

COMMERZBANK, West Germany's third largest commercial bank, has announced a rights issue aimed at raising DM247.2m. (£60.9m.). The DM82.4m. nominal issue will bring the bank's nominal capital up to DM726m.

Shareholders will be offered the new shares at a ratio of one-to-eight, while a nominal DM1.9m. worth of shares will be offered to the holders of the 1972 convertible loan stock at a ratio of one-to-32. The shares are to be priced at DM150 per DM50 nominal share and they will carry dividend rights from January 1.

The new shares will be placed through a consortium of banks, and the offer will be open between January 3 and January 17.

The bank said that the rights issue was taking place as a result of this year's powerful increase in business volume. German banks are obliged to maintain a strict ratio between lending and risk capital. The new issue will bring the capital at risk up to just under DM2.03bn.

Bilfinger & Berger

By Jonathan Carr

BONN, Nov. 23.

BILFINGER AND BERGER, one of West Germany's leading building companies, expects earnings for 1977 to be around last year's level—thanks especially to foreign business which now accounts for around two-thirds of turnover.

However, the company's interim report shows clear signs of a slackening of foreign as well as of home demand in the first nine months. Total incoming orders are put at DM1.2bn. against DM1.4bn. in the same period last year, with foreign orders alone down to DM633m. from DM860m.

Turnover is up in the first nine months by 41 per cent. to DM1.8bn.—thanks chiefly to a rise of 69 per cent. in foreign sales. The home market remains relatively stagnant. The company blames in particular the action of environmentalists and the slowness of court decision-making which is blocking billions of deutschmarks worth of investment.

New structure for Flick

BY JONATHAN CARR BONN, Nov. 23.

ONE OF the last major German family businesses—the Flick Group—is to have a new structure at the top which should mean that more public light can be shed on its activities.

The announcement has brought surprise and considerable speculation. But one thing is generally accepted. The change implies no diminution in the commanding role played by Dr. Friedrich Karl Flick, second son of the man who built up the empire.

With effect from the end of this year, the group's holding company, VC-Verwaltungsgesellschaft fuer Industrielle Unternehmungen Friedrich Flick GMBH, is to be transformed into a partnership with shares.

The new Friedrich Flick Industrieverwaltung Kommanditgesellschaft auf Aktien (KGAA)—with a nominal capital of DM700m.—will have virtually the same management (with Dr. Flick as chairman). And all shares will be with the family holding, Friedrich Flick KG. Why, then the change?

Flick indicates the new form takes account both of the family character of the business while responding to public interest in what is, after all, one of the country's largest industrial groups. Figures just released show that turnover of the group was up by around 10 per cent. in the first nine months to DM 4.9bn. and a total of DM6.5bn. is expected for the whole of 1977. (The figures do not include the previously consolidated Maxhuette steel producer, in which Flick now has a stake of less than 50 per cent.)

The legal form of a KGAA means that more business details will have to be publishd than hitherto. It also would permit Flick to make a public share issue—though it is firmly denied that there is any intention of doing this either in the short or medium term.

It is also denied that the change is spurred either by West Germany's new law on co-determination in large enterprises or for tax reasons connected with the Flick sale in 1975 of a large part of its share in Daimler Benz.

Euromark credits in demand

FRANKFURT, Nov. 23.

German companies are borrowing short-term D-Marks [ab]road and adding to the short-[te]rm currency inflows which [ha]ve swollen the country's re[ser]ves over the past few weeks. Banking sources report that [the] use of relatively cheap Euro[ma]rk credits by companies was [an] important factor behind the [DM]8.5bn. of net short-term capi[ta]l inflows into Germany in the [thi]rd quarter of 1977—the high[es]t quarterly inflow since the [flo]ating exchange rate era began [...] years ago, Bundesbank [fig]ures show.

German companies are becom[in]g increasingly quick to spot [pr]ofitable openings between [Eu]romarket and domestic inter[est] rates, the sources say. Re[cent]ly this has allowed top-class [cor]porations to borrow for [per]iods up to one year from [Ge]rman banks' Euromarket sub[sid]iaries in Luxembourg at rates [up] to 1 per cent. below domestic [lev]els.

[S]hort-term Euromarket credits [are] traditionally cheaper than [dom]estic-based loans because [ban]ks in Luxembourg do not pay [min]imum reserves on their liabi[liti]es, and from time to time [thi]s the interest rate gap has [wid]ened because of over-[...] on the D-Mark sector of the [Eur]omarket.

[...]iter [illegible]

Renault plans redundancies

BY DAVID CURRY PARIS, Nov. 23.

THE COMMERCIAL vehicle subsidiary of the State-owned Renault Motor Company has told the unions that it wants to make 1,900 workers redundant and continue extensive short-time working in order to reduce production and make inroads into its stock of some 6,000 unsold lorries.

Renault Industrial Vehicles, which embraces the twin Saviem and Berliet operations, is proposing that workers aged 57 or 58 or who reach this age in the course of 1978 should retire on an income which, including social security, unemployment and company benefits, will amount to 85 per cent. of salary until they reach the normal pensionable age of 65.

In addition, there will be further lay-offs next year, amounting perhaps to 19 days in the first four months of 1978. Between them the two units have lost around a month's work so far this year and more is to come before Christmas. Finally, the working week is to be reduced from 41 to 40 hours next year.

The moves come as no surprise. RVI has already complained that the 6.5 per cent. maximum price rise permitted in 1977 is at least 2 per cent. behind the increase in costs. Both the home and export market are performing badly, with 10 months registrations for commercial vehicles in France lagging some 2,200 behind last year at 46,000 and export sales a good 5,000 down so far on last year at 22,000.

The main problem overseas has been the loss of two substantial markets.

Orient leasing upsurge

ORIENT LEASING COMPANY, the largest leasing company in Japan, has announced a 20.6 per cent rise in net profits for the fiscal year ended September 30, to Y1.418bn. from Y1.175bn. the previous year, AP-DJ reports from Tokyo.

Sales totalled Y84.108bn., up 16.2 per cent. from Y72.377bn.

Mr. Kinai Shimamoto, the company's general manager, had earlier estimated that net profit for the year would rise by 29 per cent. to Y1.52bn.; and sales increase by 17 per cent. to Y84.6bn.

The company forecast its net profit for the current fiscal year at Y1.6bn., on sales of Y90bn.

* * *

DAIWA BANK taxed profit for the first half-year, to September 30, was Y5.71bn., against Y5.70bn. in the same period last year, Reuter reports from Tokyo.

An interim dividend of Y2.5 has been declared, the same as a year earlier.

* * *

WACOAL, a leading manufacturer of women's underwear, showed an increase of 15.6 per cent. in consolidated net profits for the year to August 31, to Y5.93bn. from Y5.13bn. the previous year, Reuter reports from Tokyo.

Sales were Y71.31bn., against Y58.16bn. Earnings a share came to Y50.67, compared with Y45.50.

Agencies

Spanish banking merger agreed

By Robert Graham

MADRID, Nov. 23.

BANCO CENTRAL and Banco Iberico have now reportedly agreed on the main points of a merger that will create the largest group of banking interest in Spain. Full details of the merger will be put to two special Board meetings on December 20 and December 22.

On November 15, dealings in Banco Iberico shares were suspended pending the outcome of merger talks. The two Boards have now apparently accepted the principle of Central buying Iberico shares on a straight one-for-one basis. This will give the Fierro family and their interests who own Iberico some 7 per cent. of the enlarged capital of the merged banking group — and make them the largest single shareholders.

According to the two Boards, the new share capital will be almost Pesetas 22bn. or put another way Central to absorb Iberico will enlarge its capital from Pesetas 18.7bn. to Pesetas 21.9bn.

The banking community regards the merger as a logical consolidation unlikely to encounter any opposition from the Bank of Spain. The Fierro family have been closely involved with Central and only broke their ties when in 1947 they created Iberico. Also the present head of Central, Sr. Alfonso Escamez started off his banking career under the Fierro family. The Fierro family will retain three seats on the new Board.

CISI buys up LKS Daten

COMPAGNIE Internationale de Services et Informatique (CISI) said that it has acquired control of LKS Daten Service AG of Saarbrucken, West Germany, a company specialising in data-processing services, reports AP-DJ from Paris. Terms were not disclosed.

The acquisition will be the first entry of CISI, a unit of the French Atomic Energy Agency, into the German computer services market.

The French company plans to set up a distribution network in the field of technical and scientific services.

The German firm had a turnover of DM5.4m. last year. It employs 63 persons.

MEDIUM TERM CREDITS

Iberia Airlines heads Spanish borrowers' list

BY FRANCIS GHILES

SPAIN continues to be very active in the market, although most Spanish borrowers are raising fairly small loans. Altogether they amount to about $164m.

Chase Manhattan has received a mandate from Iberia Airlines to raise $45m for seven years. One tranche will carry a spread over the interbank rate of 1¾ per cent., another tranche a spread of 1¼ per cent. The size of the respective tranches has not yet been decided. This will be the first time the company has borrowed on this market.

Citicorp has been mandated to raise $60m for seven years for Hidroeléctrica Española. The borrower is paying a split spread of 1¼ per cent. for the first four years rising to 1½ per cent.

Meanwhile, Construcciones Aeronauticas is raising $12m. for seven years at a split rate of 1¼ per cent. for the first four years rising to 1½ per cent. through a group of banks led by Kredietbank Luxembourgeoise. Another $12m loan is being arranged for a leading Madrid department store, Galerias Preciados by Banque Européenne de Crédit: terms include a five year maturity and a spread of 1½ per cent.

Bank of America and Banco Mas Sarda are joint lead managers of a $35m. loan (increased from an initial $30m.) to Motor Iberica. The maturity is six years and the spread 1¾ per cent throughout.

The conditions attached to these loans are well in line with what Spain has been paying recently. While spreads were the first to come down, at the end of the summer, front end fees have recently followed in the same direction.

High quality Spanish borrowers can expect to pay ½-¾ per cent. in front end fees, good quality names between ¾ per cent and ⅞ per cent. while those of lesser quality pay as much as ⅞ per cent. to 1 per cent.

Most banks have not yet reached their ceiling on lending to Spain and bankers reckon there should not be any problem for the time being, so long as the size of the loans remains small. Many banks seem to be prepared to participate in many different credits, for small amounts each time rather than underwriting larger chunks of a particular credit.

* * *

The French Crédit National is currently raising five year money in two separate operations. One is in the form of a $50m medium term loan, paying a spread of ¾ per cent. through a group of five banks. Lead manager is First Boston (Europe) with Société Generale acting as agent. The other, in the form of a Swiss Franc private placement of Sw.Frs.200m., carries an interest rate of 4¼ per cent.

Some surprise has been expressed at the small amount of these operations, particularly the medium term loan. But that is all Crédit National needs at present. The maturity is shorter than that which another French borrower is currently raising money on, but there again, this matches the borrowers requirements.

Other loans to European borrowers recently include $75m. for seven years for Kooperativa Forbundet of Sweden. Lead manager is Hambros and the borrower is paying a spread of ⅞ per cent. throughout. The Finnish paper company Oy Tampella is raising $14m. for seven years at a split rate of 1 per cent. for the first three years, rising to 1⅛ for the last four, from a group of banks led by Kredietbank Luxembourgeoise. A guarantee is provided by Union Bank of Finland. Both these credits reflect the finer terms more and more borrowers are obtaining from the banks.

The Yugoslav airlines company, JAT, is raising $34m. in a two-tranche loan to finance the purchase of a DC-10 aircraft. One tranche, which carries an 11-year maturity and a spread over Chemical Bank's prime rate of ⅞ per cent., is guaranteed by the U.S. Exim Bank. The second tranche is for seven years and carries a spread over Chemical Bank's prime rate of 1½ per cent.

Lead manager of this loan is Chemical Bank and a double guarantee is provided by Beogradska Bank and Yugoslav Investment Bank.

Another loan for a Yugoslav borrower, INA-Rijeka, has just been signed: $20m. for six years guaranteed by Privedna Banka. Lead manager here again is Chemical Bank but the spread is undisclosed.

AUSTRALIAN NEWS

Ampol's second half recovery

BY JAMES FORTH SYDNEY, Nov. 23.

AMPOL PETROLEUM made a strong recovery in the second half of 1976-77 to edge profits up from $A9.9m. to $A10.0m. in the year to September 30. The directors attributed the rally to increased petrol prices, a lessening of industrial dispute, and tighter cost control.

In the first half, Ampol's earnings fell from $A4.5m. to $A3.5m.

The dividend is held at 6c. a share.

The directors said that the price increase granted to indigenous crude oil in August would boost the earnings of the 65 per cent. owned Ampol Exploration.

This would have a significant impact on group profits, which would be reflected in the 1977-78 earnings.

The Board was critical of delays in allowing petrol price increases granted by the Prices Justification Tribunal to be implemented in New South Wales, which, they estimated, had cost the company about $A1m. in pre-tax profit.

P and O Australia public share offer

P AND O Australia said it will offer 6.25m. $A1 par shares at $1.80 per share to the Australian public from December 2 to 23 inclusive reports Reuter from Sydney.

The issue will raise paid up capital to 25m. shares from 18.75m. and represents 25 per cent. of the eventual 25m. share capital.

Herald lifts profits

THE HERALD and Weekly Times, the major newspaper, television, radio and publishing group, boosted its profits 17.8 per cent. from $A13.1m. to $A15.4m. in the year to September 30.

The profit growth outpaced sales, which rose 12.2 per cent., from $A159m. to $A178m.

VONTOBEL EUROBOND INDICES

14.5.76=100%

[PRI]CE INDEX	15.11.77	22.11.77	AVERAGE YIELD	15.11.77	22.11.77
[DM] Bonds	107.26	107.39	DM Bonds	6.620	6.612
[HFL] Bonds & Notes	101.44	101.76	HFL Bonds & Notes	8.160	8.087
[U.S.] $ Strt. Bonds	100.81	100.82	U.S. $ Strt. Bonds	8.556	8.548

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	99¼	100¼
AMEV 8pc 1987	97	97½
Australia 8½pc 1992	96¾	97
Australian M. & S. 9½pc '92	100	100½
Barclays Bank 8½pc 1992	99	99½
Bowater 9½pc 1992	99¼	100¼
Can. N. Railway 8¾pc 1986	96¼	99¾
Credit National 8½pc 1986	96½	98¼
Denmark 8½pc 1984	100¼	101¼
ECS 9pc 1995	100¼	101
ECS 8¾pc 1997	98¾	99½
ECS Sterling 9½pc 1989	100½	101
EIB 8½pc 1992	98¾	100
EMI 9½pc 1989	99½	100½
Ericsson 8½pc 1989	99	99½
Esso 8pc 1986 Nov.	101	101½
Gt. Lakes Paper 8½pc 1984	99¼	100
Hamersley 9½pc 1992	101½	102
Hydro-Quebec 9pc 1992	98½	99
ICI 8½pc 1987	98¼	99¼
ISE Canada 9½pc 1986	102¼	103
Macmillan Bloedel 9pc 1992	100½	101
Massey Ferguson 9½pc 1991	101½	102½
Michelin 9½pc 1988	100¼	101½
Midland Int. Fin. 8½pc 1992	99¼	100
National Coal Bd. 8pc 1987	95½	96
Natnl. Westmnstr. 9pc 1986	101¼	102½
Newfoundland 9pc 1989	100¼	101
Norges Kom. Bank 8½pc 92	97½	98¼
Norpipe 8½pc 1989	97¾	98¼
Norsk Hydro 8½pc 1992	97½	98¼
Oslo 9pc 1988	100¼	101
Ports Autonomes 9pc 1991	99¼	100¼
Prov. Quebec 9pc 1995	97½	98
Prov. Saskatch. 8½pc 1986	100¼	101¼
Reed International 9pc 1987	98	98½
RHM 9pc 1992	97¾	98
Selection Tst. 8½pc 1989	95½	96
Skand. Enskilda 9pc 1991	100	100½
SKF 8pc 1987	94½	95½
Sweden (K'dom) 8½pc 1987	97½	98½
United Biscuits 9pc 1989	99¾	100¼
Volvo 8pc 1987 March	96¼	96¾
NOTES		
Australia 7½pc 1984	96¾	97½
Bell Canada 7¾pc 1987	97½	98¼
Br. Columbia Hyd. 7¾pc '85	95½	96¼
Can. Pac. 8½pc 1984	98¼	99¼
Dow Chemical 8pc 1986	98¾	100¼
ECS 7¾pc 1982	97¾	98
ECS 8½pc 1989	97¾	98¼
EEC 7¾pc 1982	97	97½
EEC 7¾pc 1984	97	97½
Enso Gutzeit 8½pc 1984	97¼	98
Gotaverken 7½pc 1982	98¼	99
Kockums 8pc 1983	98	98½
Michelin 8½pc 1983	100¼	101
Montreal Urban 8¾pc 1981	99½	100¼
New Brunswick 8pc 1984	98¾	99¼
New Bruns. Prov. 8¾pc '83	101¾	102¼
New Zealand 8½pc 1986	98½	99¼
Nordic Inv. Bank 7¾pc 1984	97	97½
Norsk Hydro 7¾pc 1982	98¼	99
Norway 7¾pc 1983	97½	98
Ontario Hydro 8pc 1987	97¾	98½
Singer 8½pc 1982	100	100½
S. of Scot. Elec. 8½pc 1981	99¾	100½
Sweden (K'dom) 7½pc 1982	97½	98
Swedish State Co. 7¾pc 1982	97¾	98½
Telmex 9½pc 1984	99	99½
Tenneco 7¾pc 1987 May	94½	95
Volkswagen 7¾pc 1987	96½	97
DM BONDS		
Austria 6½pc 1985	105½	105
BFCE 7pc 1987	103¾	104
Denmark 6½pc 1985	103	103½
EIB 6½pc 1984	104½	105

	Bid	Offer
Grand Met. 7pc 1984	99¼	100¼
Hydro-Quebec 8½pc 1987	99¼	100½
ICI 8½pc 1987	103½	104½
Montreal 7pc 1987	100¾	101½
Norsea Gas 7pc 1989	104¾	105½
Norsk Hydro 6½pc 1989	103¾	104¼
Norway 5½pc 1982	102¾	103
Shell 6½pc 1989	107¾	108¼
Spain 6½pc 1984	99¾	100¼
Sweden 6½pc 1984	105	105½
World Bank 6½pc 1987	102½	103
FLOATING RATE NOTES		
Bank of Tokyo 1984 7 15/16pc	99¼	99¾
BFCE 1984 7pc	97½	98
BNP 1983 6¾pc	97½	98
CCF 1985 7pc	98¾	99¼
CGMF 1984 6 13/16pc	97½	98
Creditanstalt 1984 7¾pc	98½	99
Credit Lyonnais 1982 6¾pc	98¾	99¼
DG Bank 1982 6¾pc	99¼	99¾
GZB 1981 7¾pc	99¾	100¼
Intl. Westmnstr. '84 7 15/16pc	98¾	99¼
Lloyds 1983 7¾pc	99¾	100¼
LTCB 1982 6¾pc	98¾	99¼
Midland 1982 8pc	101¼	101¾
Midland 1987 7 13/16pc	98¼	98¾
OKB 1983 6¾pc	99¼	99¾
SNCF 1985 6 13/16pc	96¾	97½
Stndd. and Chrtrd. '84 6¾pc	98¾	99¼
Wms. and Glyns 1984 7pc	98¾	99¼
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4¼pc '87	81½	83½
Ashland 5pc 1988	92½	94½
Babcock & Wilcox 6½pc '97	91	92
Beatrice Foods 4¼pc 1992	94½	96½
Beatrice Foods 4½pc 1992	106	108
Beecham 6½pc 1992	97½	98½
Borden 5pc 1992	101	103
Broadway Hale 4½pc 1987	76½	77½
Carnation 4pc 1987	79	81
Chevron 5pc 1988	121½	123½
Dart 4¾pc 1987	80	82
Eastman Kodak 4½pc 1988	88	90
Economic Labs 4½pc 1987	80	82
Firestone 5pc 1988	84½	86½
Ford 5pc 1988	84½	86½
General Electric 4¼pc 1987	83	85
Gillette 4¾pc 1987	76	78
Gould 5pc 1987	120	122
Gulf and Western 5pc 1988	78	80
Harris 5pc 1992	132	134
Honeywell 6pc 1986	88	90
ICI 6½pc 1992	87½	88½
INA 6pc 1997	95	97
Inchcape 6½pc 1992	97½	98½
ITT 4½pc 1987	81	83
Jusco 6pc 1992	102	103
Komatsu 7½pc 1990	99½	100½
J. Ray McDermott 4¾pc '87	143½	145½
Matsushita 6½pc 1990	120¾	121¾
Mitsui 7¼pc 1990	100¼	101¼
J. P. Morgan 4¾pc 1987	95½	97½
Nabisco 5½pc 1988	101	103
Owens Illinois 4½pc 1987	129½	131½
J. C. Penney 4½pc 1987	79½	81½
Revlon 4½pc 1987	114	116
Reynolds Metals 5pc 1988	84½	86½
Sandvik 6½pc 1988	100½	101
Sperry Rand 4¼pc 1987	85	87
Squibb 4½pc 1987	78	80
Texaco 4¾pc 1988	80	82
Toshiba 6½pc 1992	89½	90½
Union Carbide 4½pc 1982	95	97
Warner Lambert 4½pc 1987	80	82
Warner Lambert 4½pc 1988	75	77
Xerox 5pc 1988	79½	81½
Source: Kidder Peabody Securities.		

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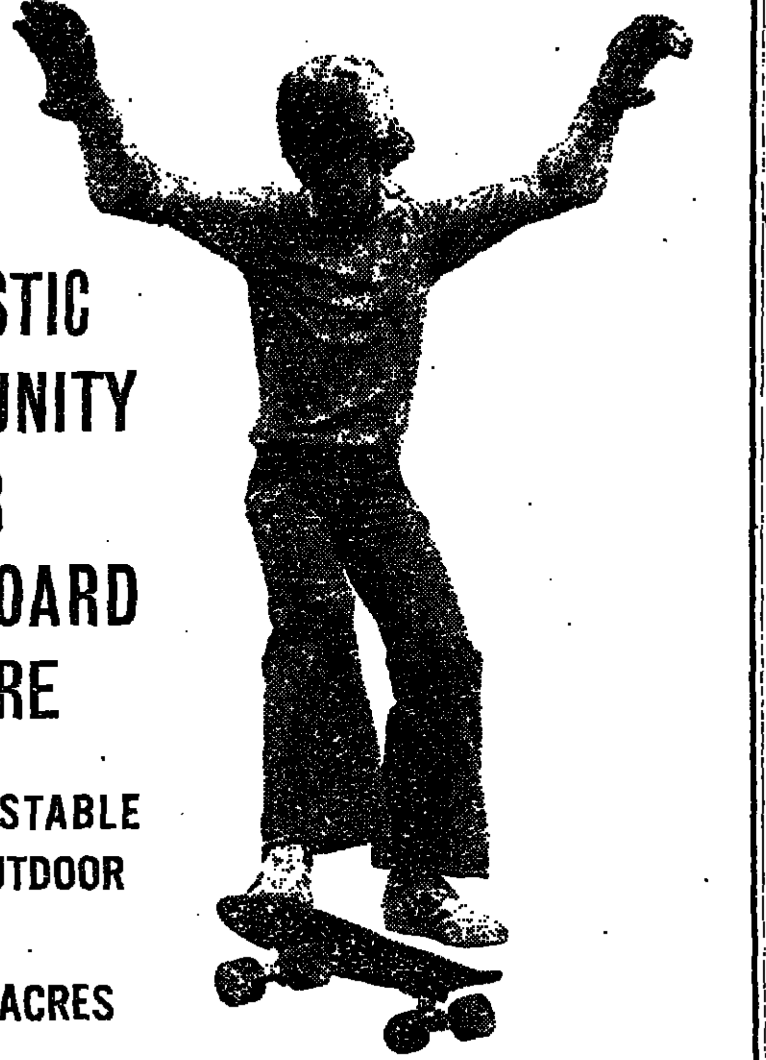

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Z warning er lamb ce rise

n Cherrington,
lture Correspondent

EALAND'S *fears over an* ep regulation were spelt Mr. Duncan MacIntyre, w Zealand Minister of ure, in London last

inted out that *if British* r *prices for lamb were* to move towards French hey would rise by about ds and this would "play ith consumption."

ge part of the market that and New Zealand s had built up over the tury would be destroyed. whole New Zealand sheep *hinged on the British* for New Zealand lamb, cIntyre said. Its destruc- uld make New Zealand's serious economic situa- tical.

rgument, which is being ed with increasing by succeeding New spokesmen, is that the y *its high-priced food* is causing a fall in con- n at a time when New *would be happy to con-* supplies at reasonable

S. to hold ef import ota talks

WASHINGTON, Nov. 23.

.S. is expected to begin tions with Australia, New *d and other beef-exporting* ies soon on their 1978 itary" quota limits for ents to the U.S. market, re- *AP-Dow Jones.*

ting one-year agreements, ed to hold U.S. imports of *frozen and chilled beef to* 1.28bn. lbs. a year, will ex- t the end of December.

officials said, the State ment planned to re- e some unused quotas the next few weeks, as al countries were not ex- g as much beef to the U.S. eir 1977 quota limits per- d.

e department was awaiting from the White House that dent Jimmy Carter wanted "voluntary" quota restric- negotiated for another 12 ths before beginning formal s.

stralia and New Zealand are key countries affected. Meat rts subject to "voluntary" as totalled about 1.02bn. lbs e Jan.-Oct. months of this

pments from Australia *nted to about 532.51m.* lbs New Zealand accounted for her 224.64m. lbs.

Sugar market picks up as selling rush slows

BY JOHN EDWARDS, COMMODITIES EDITOR

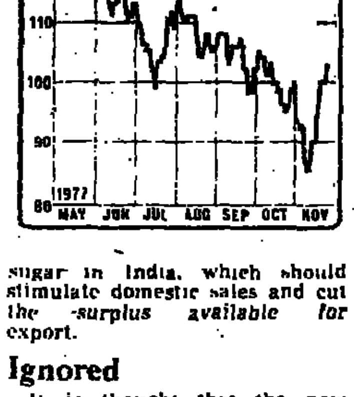
WORLD SUGAR values *advanced again yesterday on the* London terminal market, continuing the recent upsurge from the four-year "lows" plumbed earlier this month.

The London daily price for raw sugar was marked up by a further £2 to £103 a tonne—the highest level since mid-October.

On the futures market, the *December position climbed to* £106.45 a tonne at the close, after having traded at £104.75 earlier in the day. The March position closed nearly £1 up at £122.875.

The mood of the market is distinctly more optimistic, *following the end of the wave of* selling from exporting countries anxious to dispose of surplus stocks before quota restrictions under the International Sugar Agreement come into effect officially on January 1, 1978.

It is also believed that India may be a less aggressive seller than in the past. This is partly *because of crop damage caused* by the recent cyclones, partly as a result of its improved *balance of payments situation* easing pressure on exporting merely to earn foreign currency, and partly as a result of the reduction in the excise duty on



sugar in India, which should stimulate domestic sales and cut *the surplus available for* export.

Ignored

It is thought that the new loan programme introduced *under the Carter Administration's* recent Farm Bill will encourage U.S. sugar growers to seek the higher support price offered by the Government and leave room for increased imports.

Virtually ignored yesterday was the EEC Commission's authorisation of a further 63,750 tonnes of white sugar for export, as well as 11,500 tonnes of raw sugar.

The amounts were in line with expectations and the market has now resigned itself to the fact that the EEC is regularly exporting more than 60,000 tonnes of sugar weekly in an attempt to keep its surplus stocks at manageable levels.

This is a problem that the International Sugar Agreement *will have to cope with, especially* as the EEC is unlikely to be a member for some time yet.

The International Sugar Council is meeting this week but is expected to leave most decisions until the first meeting of the new international agreement planned for early in January.

So far only the Philippines has actually signed the new agreement.

● International Sugar Organisation executive director Mr *Ernest Jones-Parry,* announced yesterday that he is planning to retire on June 30.

World copper council planned

BY OUR OWN CORRESPONDENT

GENEVA, Nov. 23.

MAJOR PRODUCERS and consumers of copper are preparing to establish a joint consultative *council to monitor the world* market prior to possible negotiations on an international copper agreement.

Developing countries producing the metal are prepared to accept such a council, provided *that it does not prejudice any* future commodity arrangement for the mineral.

The Western consuming nations, as well as the U.S., which is also the world's largest producer, believe a case has yet to be made for both the feasibility and desirability of an international copper agreement.

*However, at preliminary inter-*Governmental discussions within the framework of the United *Nations Conference on Trade and* Development, they accepted the developing countries' condition.

This interim, compromise solution—for a joint council to keep the world copper market under survey and facilitate possible negotiations on a formal arrangement—will take the form of a recommendation to the next UNCTAD preparatory session on copper being held in January.

It will be the task of that preparatory meeting to determine the membership of the joint council.

Industrial countries are meanwhile resisting an additional demand by the developing countries *that the January meeting* should fix a date for formal negotiation of a copper agreement, *with the stipulation that it be* held before the end of 1978.

UNCTAD is proposing a copper agreement based on a buffer stock of some 850,000 tons. This is considered unworkable by the Western consumers on the grounds that even at 1975 prices, such a stock would cost $1.4bn.

The Soviet Union the world's second largest copper producer, is not attending the discussions.

Fresh upsurge in tin

BY OUR COMMODITIES EDITOR

TIN PRICES surged ahead strongly on the London Metal Exchange yesterday. Standard grade cash tin *rose* by £210 to £7,075 a tonne, while the three months quotation gained £80 to £6,787.50.

The upsurge reflected a sharp recovery in the Penang market overnight and some strong buying demand for cash tin, which re-emphasised the scarcity of nearby supplies available to the market.

It is rumoured that warehouse stocks, already at a low level, may be reduced even further by East European buyers taking delivery of previous purchases.

It looks, therefore, as though the market will be forced even higher by a technical squeeze, although consumer demand in the U.S. is reported to be at a low ebb.

● Asarco said last night that it would close its new market zinc *mining unit near Jefferson City* on November 30 for an indefinite period, Reuter reports.

The company said that the decision to close the mine and ore processing mill was forced by escalating production costs and the continued depression of the zinc market.

Bacon pig price cut defended

By Our Commodities Staff

BRITISH BACON curers yesterday defended their *appeal to farmers for a reduction* in the price of pigs—their basic raw material.

They also criticised "leaks" about negotiations to the Press via the National Farmers' Union headquarters in London.

The *NFU* had been "over-hasty" one official said. A review of prices was fully justified, as curers' margins had been under considerable stress for several weeks.

There was a "break" clause allowing for contract price changes under such circumstances.

The farmers' union claimed on Tuesday that the curers had demanded a cut of £2.50 a pig. The processors refused to confirm this, saying that the talks had only just begun.

No solution was expected until sometimes next week.

Both farmers and bacon manufacturers blame their *difficulties on the EEC's* subsidies for imports of Danish bacon, currently running at about £260 a tonne on bacon-sides.

Bacon curers buy about 60,000 pigs a year under contract and *until two months ago* there were few complaints about prices.

Now, however, following a massive reduction in the national pig herd, supplies to the market have started to dry up and prices have risen to levels which the curers find uneconomic.

If they increase the price of their finished product, they fear losing an even bigger share of their market to the Danes.

Canada still hopeful on wheat pact

OTTAWA, Nov. 23.

MR. OTTO LANG, Minister responsible *for Canada's Wheat* Board, said here that he was hopeful that negotiations in *London would produce a new* International Wheat Agreement.

He told Parliament that he *disagreed with suggestions that* the talks were at loggerheads.

Problems in reaching a new *agreement lay as much in disputes* between France and some exporters as with differences between importing and exporting countries.

Canada and some other exporting countries wanted a flexible formula, with general target areas for wheat prices and international wheat stockpiles to smooth fluctuations.

Reuter

DAIRY FARMERS

How milk prices compare in Europe

BY CHRISTOPHER PARKES

IN TERMS of hard cash, the British dairy farmer's earnings from milk are bettered by everyone else in the EEC except the Irish. German milk producers, for example, earn 25 per cent. *more than their counterparts in* the U.K.

However, when prices are expressed *in units of account*—the Community's notional currency—British producers' prices can be seen to be the second highest behind Italy.

The figures, published in the Milk Marketing Board's new edition of EEC Dairy Facts and Figures, are considered by the Board to provide a classive illus*tration of the distortion brought* about by the Government's policy of keeping the "green pound" over-valued in relation to sterling.

Last year, British farmers were paid an average 8.94p a litre, the Germans 11.88p, and the Irish 7.85p. In contrast to conventional wisdom, French producers are shown to come well down the scale, just ahead of Britain with 9.94p a litre.

A new feature in the book, packed as usual with statistics on all aspects of European dairying, is a map section illustrating the structure and distribution of the European herd.

The Community has 12.5 per cent. of the world's dairy cows and produces from them 26 per cent. of total milk output and 28 per cent. of world butter supplies. The U.K. alone, it appears, produces more milk than New Zealand and Australia put together.

Meanwhile, the latest figures *from the Milk Board, out to-day,* show that milk production in England and Wales last month was almost 10 per cent. up on October last year.

Liquid sales were down again by 2.8 per cent., while the amount of *milk going* into butter, cheese and other dairy products rose 31 per cent.

Over the *past 12 months,* liquid sales have fallen by an aggregate 3.3 per cent. while processing use has risen by almost 18 per cent. Total milk production is up by 5 per cent. at just short of 12bn. litres.

Although far from satisfactory for an industry whose whole economic structure is founded on a heavy consumption of liquid milk, these latest statistics at least show some moderation of the trend seen earlier this year when the slide in doorstep sales began seriously to worry the MMB.

However, in spite of this fall, the British and the Irish still top the EEC league for milk drinkers.

According to the tables in Facts and Figures, the overall decline in EEC milk drinking continued in 1976 with reductions recorded in all countries except France, Denmark and Luxembourg.

Although there was a fractional decline in the number of *dairy cows being milked in the* EEC last year, total output of cows' milk rose 1.4 per cent. between 1975 and 1976 to just under 1bn. tonnes.

• *EEC Dairy Facts and Figures 1977. From MMB Public Relations Division, Thames Ditton, Surrey: £1.50 (£2 overseas).*

India seeking palm oil supply deal

BY K. K. SHARMA

NEW DELHI, Nov. 23.

INDIA'S STATE Trading Corporation is negotiating long-term arrangements for importing palm oil with a Government company in Malaysia.

There has been a big shortage of edible oils in India during the past couple of years and this has produced inflationery pressures. The Government wants to build up a buffer stock to prevent similar situations arising.

The corporation has not yet been able to reach agreement on *India's long-term needs which* many believe will prove erratic. The recent shortage was due to *a poor groundnut crop following* adverse weather conditions, but these have not been repeated this year.

At present, the summer ground nut crop is expecter to be bigger than last year's 477,000 tonnes, while the outlook for next year is considered better because of recent rain in the southern states and the introduction of better agricultural practices.

The Indian Oilseeds Development Council says that the Indian Government has agreed to provide funds for plant protection campaigns covering rape and mustard crops and for production an distribution of improved groundnut seeds.

The council believes that a concerted effort is necessary to get non-traditional oilseeds like sunflower and soyabean cultivated and has approved a comprehensive scheme for the production of super elite and elite sunflower seeds.

Extraction of oil from cotton-seen, rice bran and seeds of trees has been reviewed.

The Government feels that the edible oil position is satisfactory at present, since it is holding stocks of more than 126,000 tonnes.

It is finding it difficult, however, to market imported rape-seed oil owing to consumer resistance.

Israeli desert farming scheme

By Our Own Correspondent

TEL AVIV, Nov. 23.

AN EXPERIMENT *aimed at* opening up coastal strips of deserts to intensive farming is being conducted at Avdat, in the Negev Desert of Israel, by the Desert Research Institute of Beersheba University.

The researchers are using the *sun's energy to desalinate sea* water and then use it to grow a wide variety of vegetables in solar-heated greenhouses.

The greenhouses have a double glass ceiling. Brine is pumped on to one of the glass panels forming the roof so that the heat in the greenhouse causes the water to evaporate. The steam condensates on the second panel, from where it is *funnelled down into tanks* from which it is drawn out to irrigate the crops. The remaining *brine is recycled into the un*-treated seawater.

A small generator is sufficient for pumping the seawater on to the roof.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Steady on the London Metal Exchange with the main strength coming from U.S. influences. Forward metal at £671 and traded in good volume ... A strong opening on Comex took the price to £678 before selling caused a retreat to £671. But the influence of Comex led to a close on the Kerb of £674. Turnover: 23,125 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars ...

... £6,785 and in the afternoon moved to £6,790. On the late Kerb, however, buying from one particular source lifted the price to a close of £6,850 with the advance continuing after hours. Trading was active throughout the day. Turnover: 1,355 tonnes.

... continued, this period of quiet consolidation was likely to be maintained.

Lewis and Peat reported the Malaysian godown price was 202 (202) cents a kilo (buyer, December).

COCOA

GRAINS

SILVER

COFFEE

RUBBER

VEGETABLE OILS

LONDON SOYABEAN OIL—The market was quiet, but held steady despite Chicago soyabeans being easier. Grosvenor Commodities reported. Close: Nov. unquoted. Dec. 295-294. Jan. 298-269. Feb. 288-250. March 287-278.50. April 279.50-278. May ...

MEAT/VEGETABLES

SOYABEAN MEAL

SUGAR

WOOL FUTURES

PRICE CHANGES

Prices per tonne unless otherwise stated.

	Nov. 22 1977	+ or −	Month ago
Metals			
Aluminium	£680	....	£680
Free Market (cis)	$93[illegible]-60	....	$920-50
Copper cash W. Bars	£659	+0.5	£680.75
3 months do. do.	£671.25	+0.5	£693.5
Cash Cathode	£648.5	−0.5	£671.5
3 months do. do.	£660.75	−1.0	£684.25
Gold Troy oz.	$159.375	+2.6	$165.125
Lead Cash	£343.5	+1.25	£357.5
3 months	£354.5	+1.25	£362.25
Nickel			
Free Market (cif)	$1.8-2.0	....	$1.8-2.0
Platinum troy oz.	£88.5	....	£94-99.5
Free Market	£91.00	+1.75	£92.35
Quicksilver (76lb.)	$127-32	....	$130-35
Silver Troy oz.	260.80p	+1.35	273.7p
3 months	264.60p	+1.25	277.5p
Tin Cash	£7,075	+2.10	£7,085
3 months	£6,787.5	+8.0	£6,835
Wolfram 22.01lb.cif	$174-79	....	$172-178
Zinc cash	£295.25	+0.75	£292.5
3 months	£299.75	+0.625	£299.25
Producers	$600/700	....	$600/700
Oils			
Coconut (Phil.)	$525q	−5	$495
Groundnut	$577	+10	$547
Linseed Crude (r)	$282	....	$261
Palm Malayan	$450n	+2	$425
Seeds			
Copra Phillip	$365s	−5	$335
Soyabean (U.S.)	$244t	−4	$218
Grains			
Barley EEC		....	£76.5
Home Futures	£71.70	+0.70	£69.6
Maize			
French No. 3 Am	£91.5	....	£87.5
Wheat			
No. 1 Red Spring	£89.50	−0.50	£85.25
No. 2 Hard Winter			

FINANCIAL TIMES

REUTERS

DOW JONES

MOODY'S

U.S. Markets

Copper and precious metals gain

NEW YORK, Nov. 23.

PRECIOUS METALS and copper closed *strong on renewed Commission House* and chartist buying. Sugar was firmer on speculative buying and light short-covering. Cocoa finished higher in quiet trading. Soyabeans eased *on continued* Commission House profit-taking. Coffee slipped back on liquidations pressure of spot month.

Cocoa—Ghana and Bahia spots unavailable. Dec. 156.25 (154.10), March 157.60 (156.95), May 143.00, July 138.05, Sept. 132.10, Dec. 128.00, March 134.90. Sales: 1,106 lots.

Coffee—"C" Contract: Dec. 206.00-207.00 (209.75), March 165.00 (169.75), May 153.50-154.00, July 145.00-146.00, Sept. 140.50-142.00, Dec. 130.00, March 129.00-131.00. Sales: 715 lots.

Copper—Nov. 55.70 (55.40), Dec. 55.70 (55.50), Jan. 56.20, March 57.10, May 58.10, July 59.10, Sept. 60.10, Dec. 61.40, Jan. 61.90, March 62.80, May 63.70, July 64.60, Sept. 65.60. Sales: 4,722 lots.

Cotton—No. 2: Dec. 50.95-51.00 (50.75), March 51.55-51.60 (51.85), May 52.35-52.45, July 53.25-53.30, Oct. 54.10-54.25, Dec. 54.60-54.65, March 54.95-55.25, May 55.10-56.00. Sales: 405,000 bales.

†**Gold**—Nov. 158.40 (155.70), Dec. 156.60 (155.90), Jan. 159.70, Feb. 160.70, April 162.70, June 164.90, Aug. 167.10, Oct. 169.30, Dec. 171.60, Feb. 173.90, April 176.20, June 178.50, Aug. 180.90. Sales: 6,755 lots.

†**Lard**—Chicago loose 19.75 nom. (19.75). New York prime steam 21.25 nom. (same, traded).

††**Maize**—Dec. 221½-221¼ (220½), March 228½-228¼ (227½), May 232¼-232, July 232½, Sept. 221, Dec. 220½-221 ...

ENTERTAINMENT GUIDE Cont.

ART GALLERIES

STOCK EXCHANGE REPORT

Tentative rally peters out in further quiet trading

Share index 1.8 off at 470.0—Metal Box weak—Gilts harder

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov. 14	Nov. 24	Nov. 25	Dec. 6
Nov. 18	Dec. 8	Dec. 9	Dec. 20
Dec. 12	Dec. 29	Dec. 30	Jan. 11

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

An extension of the overnight technical rally petered out in stock markets yesterday as it quickly became evident that genuine demand was still not forthcoming in the face of continuing uncertainties about the future levels of pay, inflation and *short-term interest rates.*

Renewed nervousness ahead of ICI's third-quarter figures, *due* to be announced to-day, was also in evidence, the shares closing unchanged at 362p, after 365p, following another reminder of the vulnerability of shares prices to the receipt of disappointing trading statements in the form of Metal Box's drop of 22 to 268p, after 264p, on interim profits well below even recently scaled-down estimates.

Up 3.4 at 10 a.m., the FT Industrial Ordinary share index gradually fell away to end at the day's lowest, down 1.8 at 470.0, for a fall of 31.4, or 6¼ per cent., since the Account started on Monday of last week. The FT-Actuaries All-share index eased again to 204.69 for a 5.7 per cent. loss over the longer period.

British Funds were undecided ahead of to-morrow's result of the Treasury Bill tender and short-dated issues closed narrowly mixed after recent weakness on worries about a possible rise in Minimum Lending Rate: long-dated issues however, managed to hold on to the bulk of early gains to ½ and the Government Securities index hardened 0.14 following a four-day loss of 2.53.

Official markings were down to 4,661 compared with Tuesday's 5,491, the disappointing level of trade reflecting the general uncertainties and also the constraints imposed by the near-£900m. calls on cash involved in final calls on Exchequer 10½ per cent. 1997 (next Monday) and on BP partly-paid shares (Tuesday week).

Gilts steadier

Although an early improvement in British Funds tended to fizzle out yesterday, market conditions were much calmer after the recent sharp setback on fears of an upward movement in short-term interest rates. Short-dated issues edged up by around an ⅛ and occasionally more before drifting back in places to close with minor mixed movements on balance. Longs ended firmly, but there was little force behind the rise and final gains ranging to ¼ and ⅜ were an ⅛ or so below the day's best. The volume of business throughout the sector was at a low ebb. In contrast, Corporations continued to give ground while, in recently issued Fixed Interest stocks, the (£10 paid) Bath 11¾ per cent., 1985, eased ⅛ to 10¼, but British Land 15 per cent. Debentures, 1987, rallied ½ to 105¼.

The *investment* currency market was subjected to persistent selling from *institutional and arbitrage* sources which lowered the premium to 97¼ per cent. *before* a close of 97¾ per cent. for a net loss of 2¾. Yesterday's S.E. conversion factor was 0.7231 (0.7182).

Hambros better

Down 5 the previous day in nervous anticipation of the statement, **Hambros** picked up 6 to 213p yesterday on satisfaction with the encouraging half-yearly report. Elsewhere in Merchant Banks, **Corinthian Holdings**, still reflecting recent acquisition details, hardened a penny more to 22p. The major clearing banks *drifted* lower on lack of support. **Barclays** and **NatWest** ended 3 *easier* at 313p and 260p respectively. Hire Purchases shrugged aside *recent* higher interest rate fears and improved in places. **Lloyds and Scottish** hardened a penny to 102p as did **UDT**, to 45p.

Apart *from* business transacted in **Commercial Union** new nil-paid shares, ½ harder at 4½p premium, little interest was shown for Composite Insurances. **General Accident** edged forward 2 to 226p *as did* **Guardian Royal Exchange**, to 236p. Elsewhere, **Hambro Life** *put on* 5 *to* 270p.

Breweries spent a quiet session, ***Allied*** *finishing* marginally harder at 88p and **A. Guinness** a penny firmer at 184p. Elsewhere, **Glenlivet** declined 5 to 450p, a premium of 10 on the projected offer of 440p per share from Seagram.

Buildings closed with a majority of falls following a small trade. Contracting issues remained friendless with **Taylor Woodrow** down 6 more at 404p, after 402p, and **John Laing A** 3 off at 140p. Elsewhere, reflecting mild disappointment with the first-half figures, **Tunnel B** cheapened 5 to 232p; **AP Cement** closed 3 lower at 250p. **John Carr (Doncaster)**, on the other hand, rose 4 to 67p, after 68p, in response to the results and proposed 100 per cent. scrip-issue. Favourable comment in front of to-day's interim results helped **French Kier** edge forward a penny to 29p, while the chairman's encouraging remarks at the annual general meeting left **Barratt Developments** a like amount harder at 101p.

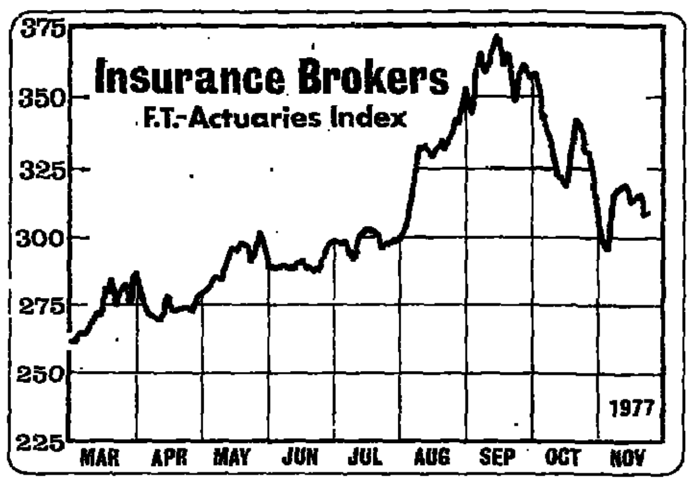
Awaiting to-day's third-quarter figures, **ICI** touched 365p initially on bear covering then drifted nervously lower to 361p and closed unchanged at 362p.

Ward White good

Ward White attracted buyers and pushed forward 6 to 63p among Shoes, in which **Wearra** also found support and closed 4 better at 22p. Leading Stores ended mixed after a *thin* trade. A dull market of late reflecting Sir Hugh Fraser's prosecution under the companies act, **House of Fraser** became steadier at 132p, up a penny. **UDS** firmed a similar amount to 82p and **Gussies A** *added* 2 at 312p. **W. H. Smith A**, however, declined 10 to 765p, after *760p.*

Leading Electricals generally lost between 2 and 4, with **Plessey** the latter amount lower at 102p. **Thorn** moved against the trend with an improvement of 2 to 376p, after 378p. Electronic issues had **Electrocomponents** 5 up at 321p. **A.B. Electronics**, however, *shaded a penny* to 104p on the chairman's warning of a disappointing first-half in his speech at the annual general meeting. Following Tuesday's jump of 14 on the good preliminary figures and proposed 50 per cent. scrip issue, **Comet Radiovision** reacted 7 to 143p. **M.K. Electric**, a poor market of late on adverse comment ahead of the first-half figures, shed a penny to 169p on confirmation of profits well below market expectations. **Cableform** attracted speculative demand mixed with call option business and gained 3 to 63p for a two-day rise of 6. **Stocklake** hardened a penny to 71p in front of to-day's *interim* dividend announcement.

In common with other market *leaders, Engineering majors* drifted lower after a firm start. **Vickers** touched 175p but then fell away to finish a further 2 down on the day at 171p. **Tubes** finished 4 off at 380p, after 380p. Elsewhere, **Anglo-Swiss** followed late weakness the previous day with a fall of 5 to 30p; the price in yesterday's issue was incorrect. **Braithwaite** shed 4 to 147p as did **Pegler Hattersley**, to 180p. **Edgar Allen (Balfour)**, however, improved 2 to 38p following the nearly doubled first-half profits, while **Bromsgrove Casting** held steady at 40p in front of to-day's interim results.



Food Retailers mode modest *headway despite a broker's circular* outlining the problems facing the industry. **Tesco** ended 2 up at 42p, after 42½p, reflecting better-than-expected interim profits. **Wiliam Low** edged forward 2 to 128p on the chairman's statement, while **J. Sainsbury**, 183p, and **Associated Dairies**, 239p, *rallied 3 and 6 respectively.* **Hillards** were a dull exception at 242p, *down 8.* **Freshbake** *closed* marginally better at 19½p following the results, while **Associated Biscuit** put on 2 to 90p with the A the same amount better at 86p on the enfranchisement proposals.

On the bid front, **Leisure and General** eased a penny further to 55p, compared with the 60p a share cash offer from Ladbroke.

Metal Box dip

Metal Box added to the list of leading companies to make disappointing trading statements over the recent past; interim profits well below expectations and a bearish statement by the chairman saw the shares down to *264p* in active trading before settling *a net 22 off at 268p.* Other leading miscellaneous Industrial *leaders were narrowly mixed.* **Beecham** ended 5 better at 625p, *after 626p, but* **Turner and Newall** shed 2 to 206p. The sharp fall in *Unilever since last week's third-*quarter statement was halted, the *shares managing a rise of 2* at 510p, after 512p. The feature of *the day among secondary issues* was **Madame Tussaud's** which *jumped to 52p in early dealings* on hopes of a higher bid than the S. Pearson cash offer of 45p a share: subsequent profit-taking left the price 17 up on the day at 47p. **Courtney Pope** responded to Press comment with a rise of 4 at 56p, while **Rotaprint** hardened 2 to 39p after higher interim profits. **Talbex** improved a fraction to 7½p on news that a 20.6 per cent. stake in the company had been disposed of by financial group Rossminster with 9.1 per cent. going to the Iranian Investment concern and Locana (London) increasing its holding *to 9.8 per cent.* **Hay's Wharf** *shed* 3 to 180p in front of to-day's preliminary figures.

Lucas Industries were dull in Motors at 258p, down 5, following adverse Press comment on the company's prospects. **Pride and Clarke** declined 5 to 218p, while **Heron**, 30½p, and **Herman Smith**, *10½p, shed 1½ apiece.* **Colmore Investments**, at 27p, regained half *of the previous day's fall of 4* which followed news of the first-*half profits* setback.

Associated Newspapers cheapened 2 to 150p despite the better-than-expected first-half profits. **Daily Mail and General A**, which report interim results next Tuesday, closed a similar amount dearer at 305p. Among Paper/Printings, **Transparent Paper** *declined 3 for a two-day fall of 11½* to 64p on further consideration *of the disappointing interim re*sults.

Royal Dutch fall

Prices of leading Oils fluctuated narrowly throughout the day only *to close* near to the overnight levels. **British Petroleum** ended unaltered at *894p*, while the partly-paid shed a penny to 367p. ***Shell*** finished 2 off at *558p*, after extremes of 557p and 563p. **Royal** *Dutch*, however, *dipped 1¼ points* to £44, partly as the result of *a sell circular in New York and* partly because of the fall in the dollar premium. Elsewhere, **Ultramar** lost 6 to 232p.

Helped by *bear-closing and* some cheap demand, Properties took on a firmer appearance although the undertone was still *nervous. Land Securities hardened* a penny to 196p, as did **MEPC** to *108p. A revival of speculative* demand lifted **A. and J. Mucklow** 10 to a *1977 peak of 295p, while* improvements of around 3 were *seen in* **United Real**, 235p, **Warnford Investments**, 263p, and **Stock Conversion**, *224p.* ***Chesterfield*** were marked up to 293p in response to the higher revenue *in* the first half year, but ended below the best at *290p for a net* gain of 5.

In *Overseas Traders*, **William Jacks** hardened 1½ to 18p on the reduced annual deficit, *while* **Thomas Borthwick**, at 73p, *regained a penny of the previous* day's loss of 3 on small buying in front of *to-day's preliminary* figures. Dealings in **Sena Sugar** were suspended at 9p at *the company's request pending the publication of the preliminary results.*

Investment Trusts held up relatively well. ***British Investment***, at 145p, recouped 2 of the previous day's reaction of 5 pending fresh developments in the bid situation. **British Assets** hardened 1½ to 64p on the chairman's optimistic statement, while **Alliance Trust**, 208p, and **Aberdeen Trust**, 125p, put on 2 apiece. Of the dull spots, **Keystone Investment** eased 4 to 129p and **Camellia Investments** 3 to 220p. In Financials, stockjobbers **Akroyd and Smithers** *eased* a penny to 239p in front of to-day's preliminary figures.

Shippings were *quiet* and little changed despite reported hopes for *some recovery in the industry.* **Furness Withy** reacted afresh to 323p before closing without alteration at 328p.

Sekers continued firmly in Textiles, rising a penny to 19p for a two-day gain of 3 following the *interim figures.* **Sidlaw** were also supported at 92p, up 4, but *Sirdar drifted 3 to 54p.*

South African Industrials had a firmer *inclination.* **OK Bazaars** rallied 10 to 310p, while **Tiger Oats** regained 15 to 480p.

In Plantations, **Castlefield** were raised 7 to 170p in a thin market.

Golds rally

The sharp recovery in the bullion price, which was finally $2.50 better at $159.375 per ounce, *prompted a rally in South African* Golds but the turnover in shares remained at a low level.

After easing slightly at the outset of business owing to the fall in the investment currency premium, modest buying coupled with the firmness of the arbitrage rate enabled prices to move ahead.

This firmness extended until the late trade when small U.S. *offerings* tended to take prices off their best levels. Nevertheless, *the Gold Mines* index recovered all of the previous two days' loss, *rising 3.3* to 143.4.

The upturn in both the bullion price *and Gold shares* enabled South African Financials to move ahead. *Union* **Corporation** rose 7 to 270p, while in front of to-day's *half-year results* **Anglo American** closed a similar amount firmer at 264p.

Home-based Financials were generally barely changed to a shade easier, with the exception *of Gold Fields*: the "*new*" shares rose to 3½p premium before turning easier at the close *to end* at 3p premium for a net gain of 1½, while the Ordinary hardened 2 to 158p. **Selection Trust** were undisturbed at 370p in front of to-day's interim figures.

The only notable change in Coppers was the 10 improvement to 450p in **Palabora**: the reduced third interim dividend had been anticipated by the market.

Australians showed an easier tendency in line with overnight domestic markets reflecting the recent opinion poll results "down-under" indicating a Labor lead in the current Federal election campaign.

Pancontinental dropped 25 to *650p, after 625p*, but trading was quieter than of late. Elsewhere, ***Yukon Consolidated*** declined 8 to 132p owing to the fall in the *premium and the weakness of the* shares in Canada.

FINANCIAL TIMES STOCK INDICES

	Nov. 23	Nov. 22	Nov. 21	Nov. 18	Nov. 17	Nov. 16	A year ago
Government Secs.	75.27	75.13	75.93	76.59	76.98	77.66	58.38
Fixed Interest	78.12	78.15	78.78	79.02	79.27	79.42	57.98
Industrial Ordinary	470.0	471.8	475.3	480.5	481.0	484.5	299.0
Gold Mines	143.4	140.1	141.1	145.3	136.1	134.4	134.8
Ord. Div. Yield	5.66	5.64	5.61	5.56	5.56	5.54	7.28
Earnings Y'ld %(full)(*)	17.07	17.00	16.90	16.81	16.73	16.66	22.79
P/E Ratio (net) (*)	8.32	8.35	8.40	8.44	8.30	8.53	6.42
Dealings marked	4,661	5,491	4,474	4,307	4,325	4,272	3,935
Equity turnover £m.	—	70.85	45.14	63.21	60.28	64.93	31.99
Equity bargains total	—	14,059	12,181	12,937	11,590	15,424	8,962

10 a.m. 473.2. 11 a.m. 474.2. Noon 473.2. 1 p.m. 471.3.
2 p.m. 470.4. 3 p.m. 470.6.
Latest Index 01-246 8026.
* Based on 52 per cent. corporation tax. † Nil=9.28.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1977 High	1977 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	80.60 (1/10)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (13/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (18/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 23	Nov. 22
Daily		
Gilt Edged	165.6	196.2
Industries	76.7	76.3
Speculative	30.0	60.5
Totals	106.1	135.0
5-day Av'ge		
Gilt Edged	161.3	154.9
Industries	156.8	152.7
Speculative	41.7	48.8
Totals	105.9	104.1

NEW HIGHS AND LOWS FOR 1977

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977.

NEW HIGHS (28)

FOREIGN BONDS (1): Iceland 6½pc 1983-88
BUILDINGS (1): Carr (J.)
CHEMICALS (1): Laporte
STORES (3): Liberty, Do. N-V Ord., Peters Stores
ELECTRICAL (1): Scholes (G. H.)
ENGINEERING (1): Bristol Channel
INDUSTRIALS (4): Courtney Pope, Dawson (Jas.), Madame Tussauds, [illegible]
MOTORS (1): Braid Group
NEWSPAPERS (1): Benn Bros.
PAPER (3): IPG, Ozalid Printing, [illegible] Mather
PROPERTY (1): Mucklow (A. J.)
SHIPBUILDERS (1): Yarrow
SHIPPING (1): Mersey Docks
SHOES (2): Ward White, Wearra
TRUSTS (1): Channel Islands Inc.
OILS (1): Weeks Nat.
RUBBERS (2): Bertam Cons., [illegible]
MINES (2): Hong Kong Tin, Tongkah Harbour

NEW LOWS (5)

CHEMICALS (1): AKZO
STORES (1): [illegible]
INDUSTRIALS (1): [illegible]
OVERSEAS TRADERS (1): [illegible]
MINES (1): [illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	41	7	23
Corpns. Dominion and Foreign Bonds	6	19	34
Industrials	296	297	1,012
Financial and Prop.	138	99	318
Oils	8	5	21
Plantations	2	4	21
Mines	39	14	55
Recent Issues	13	6	25
Totals	541	451	1,569

OPTIONS TRADED

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Nov. 22	Dec. 5	Feb. 23	Mar. 7
Dec. 6	Dec. 19	Mar. 9	Mar. 21
Dec. 20	Jan. 10	Mar. 30	Apr. 11

For rate indications see end of Share Information Service

Calls were dealt in Lonrho, J. Brown, Orme Developments, Inveresk, Tricentrol, Mettoy, Berkeley Hambro, Burmah Oil, Charterhall Finance, New Throgmorton Warrants, Celtic Haven, Bejam, Ladbroke Warrants, Imps, London Brick, William Press, BOC International, UDS, Grand Metropolitan, *Commercial Union*, Dawson International, Britannia Arrow, Consolidated Gold Fields, *P & O Deferred*, Spillers, British Land, Aaronson Bros., Howard Machinery, Kode International, Barratt Developments, ICI, House of Fraser, Vickers and Cableform. Puts were done in Gussies A, Lindustries, Hays Wharf, Capital and Counties, Barker Dobson and Metal Box, while doubles were arranged in *Metal Box*, UDS, Ladbroke Warrants, Commercial Union, *Consolidated Gold Fields*, P & O Deferred, Britannia Arrow, British Land, Capital and Counties, House of Fraser, Orme Developments, London Brick and GEC. A short-dated call was taken out in ICI; a put was done in Metal Box, while doubles were transacted in Metal Box and GEC.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p	+ or −	Net Dividend	Times Covered	Gross Yield	P/E Ratio
¢45	50cp	15-12	45	35	BP £5pd	367	−1	[illegible]	[illegible]	5.7	15.1
62	F.P.	27.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.2	5.8
50	F.P.	18.11	[illegible]	[illegible]	South Crofty 10p	65	[illegible]	[illegible]	[illegible]	9.6	10.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
50	nil	[illegible]	10pm	8pm	East Midland Allied Press A	9pm	+1
210	nil	25/11	6/1	29pm	2pm Keith Gave Discount?	7pm	+5
47	F.P.	18/11	30/12	71	60	Newman Tonks	65	+1
18½	F.P.	28/10	25/11	24½	22½	Selincourt	22¾	
148	F.P.	3/11	8/12	161	148	Utd. Biscuit	152	+2
50	nil	—	—	14pm	13pm	"W" Ribbons	14pm	—
168	nil	—	—	75pm	72pm	Utd. Scientific	75pm	

Renunciation date usually last day for dealing free of stamp duty. *a* Placing price to public. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part capital, cover based on dividend on full capital. *p*** Pence unless otherwise indicated. *u* Forecast dividend: cover based on previous year's earnings. *F* Dividend and yield based on prospectus or other official estimates for 1977-78. *o* Gross. *t* Figures assumed. † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ‡ Offered to holders of Ordinary shares as a "rights." ♥ 280 S.Afr. cents. ‡ Rights by way of capitalisation. ·· Minimum tender price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ✦ Introduction. ♠ Issued to former Preference holders. ‖ Allotment letters (or fully-paid). ‡ Provisional or partly-paid allotment letters. ≠ With warrants. ⊕ After suspension.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977 high	1977 low
Metal Box	£1	10	268	−22	364	246
GEC	25p	9	250	−2	284	163
ICI	£1	9	362	—	446	325
BP (partly-paid)	£1	8	367	−1	400	343
Reed International	£1	8	125	+1	233	123
Tesco	5p	8	42	+2	52	33½
Barclays Bank	£1	7	313	−3	345	228
BAT Industries	25p	7	260	—	308	235
Burmah Oil	£1	7	52	+1	83	41
Comcl. Un. "New"	Nil pd.	7	*4½	+½	*4½	*2½
Distillers	50p	7	163	—	193	120
GKN	£1	7	265	−1	369	265
UDS	25p	7	82	+1	99	53
Boots	25p	6	212	—	244	115
Courtaulds	25p	6	111	—	135	89

* Premium.

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Nov. 23, 1977 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Tues. Nov. 22 Index No.	Mon. Nov. 21 Index No.	Fri. Nov. 18 Index No.	Thurs. Nov. 17 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (174)	196.79	−0.4	17.76	5.86	7.98	197.48	199.82	202.16	202.78	112
2	Building Materials (28)	184.86	−0.1	16.53	5.86	8.62	185.05	188.23	189.30	190.61	96
3	Contracting, Construction (26)	315.90	−0.5	18.22	4.06	7.99	317.33	324.42	327.40	332.28	139
4	Electricals (15)	413.69	−1.0	15.07	4.09	9.62	418.06	416.60	426.20	424.32	213
5	Engineering (Heavy) (9)	272.25	+1.0	22.25	6.65	6.11	269.45	276.74	278.83	281.05	143
6	Engineering (General) (68)	154.68	−0.2	19.45	7.15	7.26	154.94	157.23	158.78	159.10	107
7	Machine and Other Tools (8)	104.27	+0.1	22.75	6.20	6.40	104.21	105.77	106.16	106.16	49
8	Miscellaneous (20)	155.33	−0.1	18.99	7.89	7.82	155.43	157.85	158.62	158.74	97
	CONSUMER GOODS										
11	(DURABLE) (53)	188.12	—	16.90	4.68	8.63	188.12	190.49	193.29	194.85	96
12	Lt. Electronics, Radio TV (15)	226.76	+0.2	14.83	3.40	9.73	226.38	229.28	234.10	236.90	103
13	Household Goods (12)	177.35	—	17.58	6.82	7.78	177.31	180.54	182.23	182.48	107
14	Motors and Distributors (26)	113.40	−0.3	20.11	6.22	7.46	113.72	114.95	115.60	116.00	65
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	191.82	+0.1	15.53	5.70	9.36	191.57	194.44	196.51	197.76	115
22	Breweries (14)	219.03	+0.3	13.34	5.74	11.30	218.32	222.60	225.17	226.58	118
23	Wines and Spirit (6)	227.59	−0.1	15.52	5.56	9.90	227.86	231.90	232.97	230.84	129
24	Entertainment, Catering (16)	246.11	−0.1	14.57	6.97	10.47	246.27	250.29	252.60	254.43	145
25	Food Manufacturing (21)	190.37	+0.6	20.78	5.55	6.98	189.21	192.22	193.96	195.74	132
26	Food Retailing (16)	197.64	+1.7	13.38	4.49	10.94	194.31	198.20	201.25	206.23	111
32	Newspapers, Publishing (14)	322.39	−0.1	9.98	3.78	15.10	322.63	329.29	332.79	335.53	173
33	Packaging and Paper (14)	120.60	−3.0	21.61	7.51	6.81	124.27	126.22	127.20	126.95	81
34	Stores (37)	184.58	—	10.35	4.26	15.27	184.58	186.45	188.57	190.00	88
35	Textiles (24)	162.72	−0.1	21.21	8.13	5.97	162.94	163.86	164.44	164.87	106
36	Tobaccos (3)	210.15	—	22.59	8.56	5.91	210.15	214.77	217.72	217.72	182
37	Toys and Games (6)	102.44	−0.8	19.87	5.79	6.92	103.27	106.12	107.30	108.15	68
	OTHER GROUPS (98)										
42	Chemicals (20)	256.83	+0.2	15.68	5.47	8.81	256.39	257.65	258.86	259.01	176
44	Office Equipment (6)	119.60	−0.5	19.07	4.80	6.99	120.15	120.30	122.65	122.59	63
45	Shipping (10)	449.70	—	21.90	6.51	5.41	449.82	460.27	464.35	459.03	333
46	Miscellaneous (54)	192.79	—	16.29	7.01	8.79	192.80	195.89	197.91	199.64	119
49	INDUSTRIAL GROUP (496)	198.24	—	16.42	5.74	8.66	198.27	200.77	202.86	203.79	119
51	Oils (4)	500.88	−0.2	13.90	3.91	8.75	501.77	504.56	507.66	505.30	373
59	500 SHARE INDEX	222.95	—	16.01	5.44	8.68	223.04	225.60	227.80	228.50	139
61	FINANCIAL GROUP (100)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	180.66	−0.5	27.24	5.61	5.61	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	[illegible]	[illegible]	10.78	[illegible]	13.79	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	130.91	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	126.96	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	309.82	+0.2	13.72	4.40	10.68	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (31)	214.16	+0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	101.39	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	190.95	+0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	204.69	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Wed. Nov. 23	Day's change %	xd adj. To-day	xd adj. 1977 to date
1	Under 5 years	109.33	−0.02	—	8.13
2	5-15 years	123.57	+0.26	—	7.51
3	Over 15 years	128.93	+0.33	—	11.73
4	Irredeemables	140.19	+0.22	—	13.32
5	All stocks	119.56	+0.18	—	8.96

FIXED-INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Wed. Nov. 23	Tues. Nov. 22	Year ago (approx.)
1	Low	5 years	6.78	6.78	[illegible]
2	Coupons	15 years	9.25	9.90	[illegible]
3		25 years	10.51	10.55	[illegible]
4	Medium	5 years	9.54	9.54	[illegible]
5	Coupons	15 years	10.59	10.65	[illegible]
6		25 years	10.87	10.87	[illegible]
7	High	5 years	10.03	10.03	[illegible]
8	Coupons	15 years	11.65	11.66	[illegible]
9		25 years	11.58	11.59	[illegible]
10	Irredeemables		11.72	11.76	[illegible]

		Wed. Nov. 23	Tues. Nov. 22	Monday Nov. 21	Friday Nov. 18	Thurs. Nov. 17	Wed. Nov. 16	Tuesday Nov. 15	Monday Nov. 14	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	61.93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	57.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

FINANCIAL TIMES SURVEY

Thursday November 24 1977

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Denmark

After several years of political difficulties Denmark has now become marginally easier to govern, and Prime Minister Anker Joergensen's personal position has strengthened. Economically, however, the country is still having to grit its teeth.

talent) uddle rough

By William Dullforce

Correspondent

ER THREE general elec- in just over three years, h politics this year reached te of relative equilibrium. has encouraged the Social- crat Party to start plan- for the longer term, ugh it still rules from a rity position and faces both nding growth in unem- ent and a heavy payments . Despite the short-term mic outlook, the Danes aim rking out over the next years practical policies to with the alarming cracks. h started to appear in their ere state four years ago.

cent progress in North Sea ore exploration has aroused rnment hopes that within w years Denmark could fol- the British lead and sub- tially cut its payments it by exploiting its own oil gas. The known Danish ves are far more modest the British, but their impact on the smaller Danish economy could be of comparable weight, it is argued.

The Danes themselves leaven such optimism with reservations. The commercial potential of the Danish North Sea finds is *still in dispute*. In the more immediate perspective, circumstances beyond Danish control could upset all their economic predictions. The break-up of the European currency "snake," participation in which is one of the cornerstones of present economic policy, could result in heavy speculation against the krone and force the Government rapidly to revise its forecast for the next two years.

The political scene remains fractured: there are still 11 parties in the Folketing. Yet the February general election left the country *easier to govern*. It reinforced the position of Mr. Anker Joergensen and his Social-Democrats more than is *indicated by their mathematical* gain of 12 seats. They now hold 65 of the 179 Folketing places, but the main opposition parties have little chance of organising a practicable alternative—at least as long as they persist in their refusal to co-operate with the maverick Mr. Mogens Glistrup and his anti-tax Progress Party.

The Social-Democrats also have a new political asset, Mr. Joergensen himself. This was not obvious a year ago, but since then the unpretentious, bearded, former trade union leader has demonstrated both a better feeling for public opinion and a greater skill at parliamentary manoeuvring than his main rival, Mr. Poul Hartling, whose Liberals had their parliamentary strength halved to 21 seats in the last election.

The latest Gallup poll showed a further gain in public support for Social-Democrats, from 37 per cent. at the election to 40.6 per cent., and a further decline in backing for the Liberals, whose rating was down to 9.7 per cent. at the end of October and even lower than that of the advancing Conservatives. Without an imported calamity on the economic front Mr. Joergensen can look forward to an uninterrupted 2-2½ years in office, which is a longer perspective than he or any other Danish prime minister has been able to enjoy since 1973.

Penchant

This by no means implies that the Social-Democrats can dictate policies during that period. Instead the Danes will un*doubtedly continue to demon*strate the penchant for muddling through which they appear to have taken over from the British, and Mr. Joergensen will have to navigate in the Folketing from one compromise to another of the kind reached in the economic package agreed in September. This will test his political nimbleness but, as none of the parties with which he will be negotiating wants to force another general election onto the voters for some time to come, he can count on being able, after bargaining and bickering, to achieve a consensus of the centre parties on most issues.

The September compromise with the Liberals, Conservatives and Radicals indicates the lines of future compromise. Fiscal policy was tightened in order to ease the payments deficit, but the Government had to accept a VAT increase it did not want, and the effect this year is likely to be a relatively modest fall in *the deficit from the Kr.11.5bn.* recorded last year. It was agreed to spend Kr.10bn. over three years on selective measures to create jobs, but the number of registered unemployed is expected to rise from around 150,000 to over 200,000 in January, by far the highest post-war level.

The compromise assumes there will be an incomes policy, based on the 6 per cent. annual rise in nominal earnings legislated by the Folketing in April, to break a labour market crisis. Wage growth is in fact expected to be held to 8-9 per cent. this year. The compromise also assumes that Denmark will continue to tie the krone to the Deutschemark through participation in the European currency "snake."

After the Swedish experience, which resulted in the 10 per cent. devaluation of the krona at the end of August, the Danes are well aware of the implications — that they cannot, as the Swedes tried to do, both sustain the currency link and allow domestic wages and prices to rise faster than those in Germany. Some Danish economists have already voiced doubts about the feasibility of this policy, but the Government is so far committed to it. Since it became a member of the EEC, Denmark has in fact increasingly tied its economic fortunes to those of West Germany. A further tacit assumption in that linkage is that the Danes, too, will have to accept a fairly high level of unemployment.

The Danish Government will use all the influence it can within the EEC and OECD to *get agreement for more expan*sionary economic policies. The lack of pull from abroad and the link with the Deutschemark means that domestically the Danes are more or less boxed in. There is little more they can do than to grit their teeth, build up the reserves for a currency crisis by borrowing abroad and hope to get Danish industry and agriculture primed for 1979. This assessment is more or less common ground between the Government and the three parties with which it reached the compromise in September. The Social-Democrat Government's relationship with the unions is perhaps more ambiguous.

It is not easy for the union leaders to accept a situation in which unemployment is steadily rising and real incomes are declining—apart from those of the lowest paid and pensioners. Despite the Kr.10bn. in selective, job-creating expenditure included in the September economic package, the Government is in fact pursuing a relatively tough line on employment. Relations between the party and the LO (trade union federation) have been uneasy for some time. The LO leaders resented the imposition of the 6 per cent. wage increase guideline before the two-year wages settlement earlier this year and may well feel the need to react more strongly next year in order to preserve their credibility among their members. Nevertheless, one has the impression that Mr. Joergensen has the edge over the LO: the majority of Danish workers seem to be prepared to accept a temporary drop in living standards as long as they feel the Government is acting sensibly to bring about long-term recovery.

Concessions

Compromises have given the LO and the left wing of the Social-Democrat Party two concessions: wage indexation remains intact and a committee has been established to recommend how to introduce economic democracy. The compromise over indexation provides for only one "portion" of the increase to be paid directly to employees, when prices exceed the thresholds; the other "portion" is paid into the pensions fund by the Government. These payments will leave a problem in 1979, when the current agreement expires. By then, if inflation continues at its present rate, it is calculated that the Government will be paying some Kr.7.2bn. a year into the pensions fund on behalf of the workers. What will happen to the sum paid in and who will continue the payments, the Government or the employers?

It has been suggested that the money be used to finance the first step towards workers' co-ownership of industry. In fact the new co-ownership committee under *Professor* Bent Rold Andersen is likely to play a determining role in shaping the future conditions under which Danish industry and society as a whole will operate. The committee is not bound by any special political terms of reference and has been given a free hand to study all alternatives from individual company funds to the centrally organised fund previously proposed by the Social Democrats and LO. Some Social Democrat groups now appear to be favouring a model based on the Co-operative movement, but the structure of Danish industry, comprising many small companies, does not lend itself to a centrally organised co-ownership system.

This is one reason why it will be worth keeping an eye on the Danish co-ownership debate over the next couple of years. Another is growing awareness among Danish economists, including those in the Social Democrat party, that the assumption of almost automatic growth in public sector employment which was accepted theory only five years ago, may not hold. Computerisation, it is now argued, may well result in a much slower increase in the number of jobs within the social services and public administration, which makes it all the more important to find new ways of stimulating growth in industry and agriculture.

It is a measure of the relative stability of the Danish political scene that the Government is at last becoming preoccupied with the issue of long-range industrial performance. Another is the departure downstage of the defence issue. This *year the Government reached* a new four-year defence agreement with the opposition. It renews Denmark's commitment to the common Nato defence build-up and assures the Generals more or less of the funds for which they were asking. We may now hear less about the level of Warsaw Pact sea and air activity in the Baltic and the accompanying shortening of the warning times under which the Danish defence force had to operate. The East German and Polish exercises in the Baltic approaches in any case have not grown in volume in recent months.

The Social-Democrat Government is approaching its six months in the EEC presidency, which starts in January, confidently. Agitation and activity within the anti-EEC people's movement has revived as the direct elections to the European parliament draw nearer, and the opposition within its own party has forced the Government to set up a commission to weigh the pros and cons of EEC membership. The commission will not report before the parliamentary elections and the Government remains firmly committed to the EEC.

BASIC STATISTICS

Area	16,629 square miles
Population	5m.
GNP (1975)	Kr.202bn.
Per capita (1975)	Kr.39,800
Trade (1976)	
Imports	Kr.55bn.
Exports	Kr.40bn.
Imports from U.K.	£655m.
Exports to U.K.	£705m.
Currency: Krone	£1=Kr.11.11

Continued on next Page

Pragmatic approach to Europe

DENMARK TAKES over the presidency of the European Economic Community for six months in January. The Danes are better prepared than when they were thrust into the role in 1973 just after joining and therefore have a greater chance of making some impact on EEC affairs. But Mr. K. B. Andersen, the Foreign Minister, promises a low-key, pragmatic approach. Denmark will try rather to "oil the machinery of the Community co-operation" than to exploit the presidency to further its own ends, as the Danes feel the British did to excess during their Presidency

"Pragmatic" is the word most frequently used in Copenhagen to describe the Danish attitude to the EEC. After appearing twice at the Community door Denmark finally joined in 1973 along with Britain and Ireland after a referendum in which the Government had won a solid majority in favour of participation. The decision to accompany Britain was based on a "pragmatic" assessment of Danish interests.

Since then public opinion polls (until the most recent) have consistently reflected more doubt about EEC membership in the Danish electorate than satisfaction at being in. Nevertheless the Folketing (Parliament) contains a good majority of pro-EEC members and the Social-Democrat Government is solidly pro-EEC, although it has been compelled by its party congress to set up a commission to revalue the pros and cons of EEC membership for Denmark.

The difference is certainly due to the closer awareness in the Cabinet and among the legislators of the facts of Denmark's EEC connection. Opposition centres on the sovereignty issue and is largely an emotional matter, aggravated by the impression that EEC membership has something to do with the country's current economic problems. To a lesser extent the feeling that Denmark's true political home is with the Scandinavian countries plays a role.

But as the Prime Minister, Mr. Anker Joergensen, once said: "Our hearts are turned to the north but we carry our wallets in our hip pockets which are turned to the south." The EEC supporters can offer material evidence of the advantages the country has gained from membership. The present unemployment rate and decline in living standards are the effect of the international recession and domestic policy rather than of EEC participation. They could have been worse had Denmark remained outside.

Danish farmers have had a substantial income boost from the Community. Receipts from the Community agricultural fund totalled Kr. 11.8bn. in 1973-76, while Denmark's contribution to the Community budget was Kr. 2.6bn.

The impact of membership on industry has been smaller. The share of industrial exports going to the other eight EEC countries has improved only marginally from 33.7 per cent. in 1972 to 35.8 per cent. last year. But on the financial side Danish participation in the European currency "snake" and the support the krone has been given by the Bundesbank have been crucial.

Elections

The debate within Denmark over the direct elections to the European parliament has revived the EEC as a political topic and reactivated the cross-party People's Movement against EEC membership. The pro-marketeers want to avoid a repeat of the referendum during the direct election campaign, which will take place during Denmark's six-month presidency. They face a divided opposition. The small Single-tax Party, which is against EEC participation, intends to run its own candidates while the Left Socialists still have to make up their minds whether to run separately or with the People's Movement, but it is quite possible that the 16 Danish representatives in the new European parliament will include some firm anti-Europeans.

Pursuit of its own interests within the EEC—has brought some realignment in Denmark's relations with its partners over the past four years. Participation in the currency "snake" has tightened the link with West Germany, while disagreement over Community farm policy has tended to loosen the traditional Danish tie with Britain. Despite the continuing importance of the British market for Danish bacon and dairy produce the Danes have also shared the irritation of other countries at Britain's egocentric approach to Community co-operation.

Understandably enough the Danes are staunch defenders of the Common Agricultural Policy. It has brought them real economic gains. They are therefore suspicious of British demands for EEC reform, although they acknowledge that some changes are needed to the present system to prevent the CAP from deteriorating further into a money-spinning operation, supporting inefficient farming.

The Danes will go along with plans to phase out the monetary compensatory amounts (MCAS), from which they have benefited (to the tune of Kr.1.175bn. in the first nine months of this year), but they want no further tampering with the CAP pricing system. Their line instead is that a clear distinction must be maintained between the pricing system and the financing of structural reform in EEC farming.

Recognising that agricultural policy will be a key question when the applications of Greece, Spain and Portugal for EEC membership are being dealt with, the Danes would like to couple CAP reform with those negotiations, which will start under their presidency. As efficent farmers with a large stake in the EEC home market, they will, however, continue to emphasise farm incomes and end-price support against the more consumer-orientated approach of countries like Britain.

While the Danes might hope to influence moves towards agricultural policy reform during their six months' presidency, fishing could prove to be an embarrassment if no agreement is reached on a common policy before the end of the year. Britain and Denmark are the biggest fishing nations among the Nine: the Danes have a larger total catch, which goes to feed their fishmeal plants, while the value of the British catch is considerably higher.

The Danish fishermen have been badly hit by the introduction of 200-mile limits, especially by their exclusion from Norwegian waters, and will face serious unemployment, if they are also kept out of the 50-mile belt claimed by Britain, where many of their traditional fishing banks lie. Direct negotiations have started between London and Copenhagen over fishing rights, in particular over the "Norway pout box," from which the Danes have regularly taken large catches for turning into fishmeal and from which they would be excluded under the present British plans.

The Danes insist that the bilateral negotiations with Britain are being conducted under EEC aegis and form part of the shaping of a fisheries policy common to the Nine. They are at pains to demonstrate that they are good Europeans, even when their own vital interests are at stake, and would be embarrassed were the talks with London to extend into their presidency and result in a two-sided deal, which could be interpreted as over-riding other Community members' interests. In practical terms, though, it is recognised that agreement between Britain and Denmark on North Sea fishing could determine the common fisheries policy.

Fisheries

EEC fisheries policy is also pertinent to the Greenland issue. As part of the kingdom, Greenland followed Denmark into the EEC, although the 50,000 Greenlanders voted overwhelmingly against participation in the 1972 referendum. Greenland has since benefited from EEC membership through finance from the regional fund, the European Investment Bank and FEOGA to develop its infrastructure and fishing industry. Until it can be proved that the island has commercially exploitable oil resources, fishing remains the major source of income. It would not, therefore, be to the Greenlanders' advantage to have their 200-mile zone considered as joint EEC property.

A decision about home rule for Greenland is expected taken next year and become effective from 197[illegible] Greenlanders might well opt for an arrangement s[illegible] to that of the Faroe Is[illegible] which remain part of the [illegible]dom of Denmark but hav[illegible] joined the EEC. Danish G[illegible]ment policy is to persua[illegible] Community to rate Gree[illegible] as a special case and to [illegible] concessions from Br[illegible] which might induce the [illegible]landers to stay in.

To other areas in which [illegible]mark will try to nudge th[illegible] policies along during th[illegible] half of 1978 are energy a[illegible] north-south dialogue. For a [illegible]try which depends more h[illegible] on imported oil than any of the Nine, the delay in [illegible]lating a common energy [illegible] has been particularly [illegible]appointing. Instead the[illegible] have had to pin their ho[illegible] the International [illegible] Agency (IEA) but they [illegible] feel the time is ripe f[illegible] EEC to think of co-ordi[illegible] its oil imports and to p[illegible] a longer-term supply.

The Danes were described as "wary Europ[illegible] The epithet remains [illegible] true, although the integra[illegible] Denmark's interests with [illegible] of the other eight ha[illegible] gressed over the past [illegible] years perhaps further tha[illegible] Danes realise. The warin[illegible] been modified to some [illegible] by a commitment to doing [illegible] ever a small country c[illegible] make the EEC work. "[illegible] matic" is still the right [illegible] for the Danish approach.

William Dull[illegible]

Talent

CONTINUED FROM PREVIOUS PAGE

It must be emphasised that however much evidence there may be of a stabler political climate in Denmark, the improvement is relative only to the uneasy situation prevailing a year ago. The unrest among the voters remains. It has been estimated that despite the proliferation in their number, the political parties have lost about 260,000 registered members over the past ten years. The electorate is far more fickle: party campaign managers reckon with some 7-800,000 floating voters.

His trial on tax evasion charges has not affected the political standing of Mr. Mogens Glistrup and his Progress party, which has embodied the protest against the high-tax, bureaucratic welfare state. The party returned to the Folketing with 26 seats in the February election, a gain of two, and the latest Gallup poll had it among the three parties which had improved their ratings since February.

The cross-party political movements, which started with Vietnam and have since embraced the anti-EEC and anti-nuclear power causes, still have plenty of muscle. The nuclear issue, which the Government has so far evaded and is hoping to postpone further, if offshore oil and gas can be produced in reasonable quantities, is a time-bomb ticking away backstage.

Nevertheless the past year has seen a confirmation of the vitality of Danish democracy and of the ability of the Danes to muddle through to sensible political solutions. One of the most striking illustrations of this thesis is the continuing publication of the Copenhagen daily newspaper Berlingske Tidende. It survived a five-month printers' strike, during which its board and management were given unequivocal support by Mr. Joergensen and his Government despite his lack of sympathy for the Conservative policies it usually advocates.

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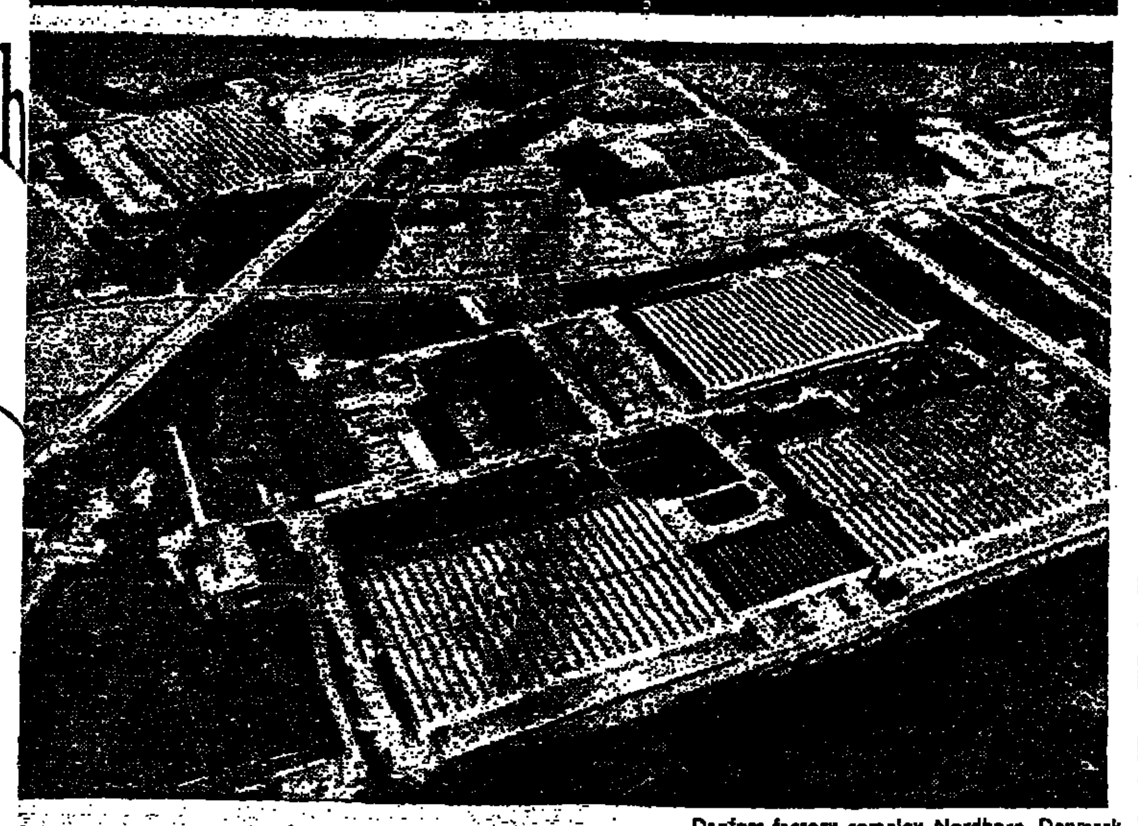

Danfoss factory complex Nordborg, Denmark

)00 Danes on a remote island ipply the rest of the World ith components and controls

...tiative and inventiveness of ...man created Danfoss— ...his concern is the centre of ...ork covering all continents. ...large, modern industrial ...—one of the largest in ...Danfoss is favoured by ...surroundings. Located at ...on the island of Als, in ...th of the country the factory ...in typical Danish country... midst hills and woods, open and old farmhouses. ...s occupies a central position ...West European market, and ...er one goes by air, road, rail ...the factories are within easy ...

...works are located imme... ...to the north of the Danish-... ...border, close to European ...ay 3 from Copenhagen ...

Hamburg and from Copenhagen the factory can be reached by jet in half an hour.

A staff of nearly 8,000 in Denmark alone and a massive complex of advanced machinery stand behind the large-scale production of automatic controls for refrigeration and heating, industrial automatics, hydraulic equipment, compressors and all the other Danfoss products which are rapidly and safely shipped in a steady stream to consumers all over the world.

The Danish factories are not alone in covering the world market as far as Danfoss quality products are concerned. In a number of key areas all over the world Danfoss has set up independent factories and subsidiaries to ensure additional flexibility and efficiency of the service provided to meet the constantly rising demand. For example, the factory at Flensburg on the German side of the Danish-German border employs a staff of some 2,500 and is in fact the largest industrial enterprise in the city of Flensburg.

Danfoss has subsidiaries in 14 countries, including Great Britain, and also factories in Japan and Canada.

The turnover of the concern for the financial year 1976 amounted to 1.8 billion D.Kr. (equal to about £180 million).

Danfoss was founded in 1933 by Mads Clausen, who set up the factory which has now become a global enterprise with more than 10,000 persons on the payroll.

...sulation is very ...portant but . . .

...ent years both the public and ...e sectors have made great ...s to improve Danish buildings ...spect of insulation. ...insulation of Danish houses has ...ved tremendously, but one ...tant point has been overlooked. ...the insulation in a house is ...ved the transmission loss is ...d, i.e. the heat which pre... ...y was lost on account of poor ...tion. However, since the heat... ...ystem still has the same size ...apacity it is now in reality too ...nd this normally gives rise to ...tion problems. ...verage temperature of a well ...ted house is generally con... ...bly higher than one is used to. ...ach degree in excess of the ...rature desired, heating con... ...ion is increased by 5% and it ...refore natural that house ...s are interested in finding a ...f automatic regulation which ...maintain the desired room temperature and realise the benefits of the improved insulation.

This can be done with Danfoss radiator thermostats. One thermostat fitted to each radiator will ensure individual and constant room temperature. Radiator thermostats react automatically to temperature variations in the room, shut off the heating supply before it gets too hot and open it again before it gets too cold. You simply set each radiator thermostat to the desired temperature and the thermostat does the rest.

Really good heating comfort and improved heating economy can be obtained irrespective of whether the boiler is oil, gas or coal-fired, or heat is supplied by a district heating system. The greater the degree of insulation the greater the need for regulation by automatic controls.

Ask your heating installer—he knows Danfoss radiator thermostats. British Gas and the Department of Energy say 'Control your radiators', so why not do it automatically with Danfoss.

...NFOSS is ...e market ...der

John Wisdom, M.D., Danfoss, Britain

...isdom, Managing Director, ... Britain believes that ...industry has many speciali... ...ffer the British market. One ...eciality is radiator thermo... ...This product, which was ...ed by Danfoss 25 years ago, ...er the years become a speciality in the company's product range. Today it constitutes a large part of our turnover and it has proved necessary to build a fully rationalized factory at Viby, a suburb of the Danish town of Aarhus, for the manufacture of radiator thermostats. The factory commenced production in 1970, and today has a production area of 16,000m².

Some 700 persons are employed at the Viby factory.

At the present time Danfoss produces more than five times as many radiator thermostats as any other manufacturer in Europe, and it is interesting to note that over half the houses in Denmark are now fitted with radiator thermostats.

Rapid development of hydrostatic steering

To increase efficiency within the agricultural sector there has been a great expansion in the use of machinery in recent years.

Machines have become bigger and their capability has multiplied.

More than ever before, machines in agriculture are doing work which previously was done manually. This development is largely due to the increased use of hydraulics. Hydraulic motors, including Danfoss Orbit motors, are used in many harvesters, where they simplify the transmission. Indeed, hydraulic components are to be found in practically all types of agricultural machines.

A relatively new field is hydrostatic steering of tractors and combine harvesters. The U.K. leads the world in the tractor field and it is significant that Danfoss supplies practically all leading tractor companies with steering units.

Companies such as International Harvester Company, David Brown, Massey Ferguson and British Leyland all use Danfoss steering units because these units meet a market requirement for consistent high quality.

Great comfort for tractor drivers, e.g. less need for muscular strength, closed driver's cab etc., as well as safety, has been the main factor in the transition from mechanical to hydraulic steering.

To-day, Danfoss is one of the largest manufacturers of hydrostatic steering units, having been the first to introduce the product into Europe.

This development is the result of a conscious engineering effort and rational production, and this coupled with a great deal of application know-how and effective service has resulted in close co-operation with British industry.

...lue of speed controls in industry

... has long been seeking methods ...ling standard, fixed speed motors ...ate as variable speed motors. ...his is possible with the Danfoss ...atic frequency converter which ... the fixed frequency and voltage ...mains supply into a controllable ...y and voltage. With this con... ...e speed and torque of a.c. motors ... infinitely varied without ...ble loss of power. ...y variable control is increasingly ...ground on production lines and in connection with machine tools. The Jaguar car factory, for example, uses frequency converters on grinding machines for grinding the crankshafts of car engines. With a frequency converter, constant peripheral speed of the grinding wheel can be maintained regardless of wear. This means better utilization of the grinding wheel and improved grinding quality.

This arrangement proved so successful that Jaguar decided to equip conveyor belts with frequency converters to provide perfect matching of conveyor speeds to work stations. The installation of the frequency converters did not necessitate replacing the motors on the conveyor belt. Other uses of Danfoss VLT static frequency converters include CEGB for coal feed regulation; Wiggins Teape for control of feed to oil/bark fired boiler; Mars for control of chocolate bar production lines, Darlington Wire Mills for control of drives to spooling machines; BOC for control of vehicle propulsion thrusters on unmanned submersibles; and Manchester International Airport for control of passenger conveyors.

... million compressors for ...rigerators and home freezers

...on the island of Als, the Danfoss ...is the largest European plant ...turing hermetic compressors for ...tors and freezers, and is also one ...rgest of its type in the world. ...rted in 1952 with an annual pro... ...of only 144 compressors. In the ...1977 the 50 millionth compressor ...f the production line. ...his amazing achievement are two ...nufacturing plants, one in Nord... ...headquarters of the Danfoss con... ...l another at Flensburg just across ...h-German border. Danfoss also has small factories at Schleswig and Kiel in Germany and Tinglev in Denmark, which serve as sub suppliers to the two larger factories.

Danfoss is the main supplier to a number of refrigerator manufacturers all over the world including, in U.K., firms such as Tricity (Thorn Domestic Appliances) and Electrolux Ltd.

Resulting from many years development work is a new compressor, the type TL, which offers a number of improvements, including very quiet operation and a relatively low power consumption.

Having manufactured the first hermetic refrigeration compressors in 1952, this year marks the 25th year of Danfoss production.

Danfoss has been responsible for much pioneer work in the development of compressors. For example, it was Danfoss that developed means of increasing speed, from 1500 to 3000 revs per minute. That was in 1956, and it resulted in a considerable reduction of the weight and physical size of compressors which, in turn, resulted in reduced material costs.

Also, in 1969, Danfoss introduced a new starting system using temperature-controlled switches with no moving parts. Apart from simplifying servicing, this system also provided an effective answer to radio and TV interference during compressor starting.

The production of hermetic compressors is an important part of the total activities of the Danfoss concern.

ENERGY CONSERVATION IN DENMARK

Older houses to gain benefit from new legislation

The new Danish housing legislation lays down more rigorous requirements for heating and insulation in new buildings and now includes *existing houses. In existing buildings* 12-18 billion kroner is to be used on energy conservation in the years up to 1985 to attain the *necessary standard of heating* and insulation to meet the objectives of the government energy plan.

The energy plan assumes a reduction in energy consumption of 18 per cent for domestic heating, and it is on this basis that officials of the Danish Ministry of Housing have arrived at the figure of 12-18 billion kroner as the investment necessary in existing housing.

Long Term Programme

A long-term programme for energy conservation in existing buildings is now being prepared by the Danish Ministry of Housing. The final details of the new bill are not yet known, but the intention is clear—to reduce the energy consumption for room heating in older houses.

Radiator Thermostats Give the Best and Quickest Returns

The Physics Laboratory of the Technical University of Denmark has published a report entitled 'Housing and Heating'. The report gives a complete survey of the total costs and savings involved in every conceivable insulation measure and also the most important improvements in heating systems in housing in Denmark.

The various measures are arranged in order of priority according to profitability with indication of when returns can be expected.

According to the survey the fitting of radiator thermostats gives the best and quickest returns.

After all, there is nothing quite so 'warming' as savings in heating costs.

ECONOMY BEST-BUYS NOT ALWAYS OBVIOUS

Cutting down on the fuel used to heat buildings has many prospects the bulk of which are pushed into the background by the main stream advertisers. Even politically, the Government follows the mainstream or pays more interest in the prospect of science solving our immediate problems instead of looking *closely at what we have now.*

There are four notable areas for saving which receive only passing glances. These are clothing, draught proofing, lighting and automatic controls.

Persuading office workers and our own families to wear vests, pullovers and slippers in winter, *could be* fashionable and *offer* a potential reduction of space temperature by 1°C to 1.6°C without spending capital.

Draught proofing of old properties is capable of paying for itself in *weeks by the simple expediency of foam taping of windows* and quality draught stripping of external doors. For those with full central heating, the fuel saving *spin-off from* fitted carpets on the ground floor is probably 3-4% of heat losses. (Note: in rooms with fires, enough fresh air *for combustion must be maintained*).

Avoiding high lighting intensities in normal working conditions and changing incandescent tubes to *fluorescent tubes shows a 1 to 2 year* pay back. A saving possible in most office buildings.

Automatic control of individual rooms by using radiator thermostats is of benefit to all well heated homes and offices having radiator heating systems. With this form of control 15% to 25% savings on radiator emissions are being identified.

Radiator thermostats also have the unique advantage of being specifically useful for reducing the heat consumed by the big oil and gas consumers i.e. well heated homes and offices.

Saving fuel starts with common sense, using pay-back with comfort as the only real criteria.

Insulation An Investment In Overheating?

Heating designers and building services engineers generally accept that the fuel savings to be made in existing buildings which are well heated by radiator systems is a big and relatively easy target for national fuel economy. However, it is not now accepted that cutting down the losses from building structures is effective in itself, as it almost always results in the neutralising effect of overheating.

Such overheating is due to the systems being oversized for the new loads and efforts to correct this oversizing by turning radiators and *boilers up and down manually are* proving ineffective.

The overheating factor experienced with fabric insulation will also exist no matter what *savings methods are* used, as any savings must be removed permanently from the radiator output in every space.

Individual room control by radiator thermostats is now looked upon by experienced fuel economy units as being the linch pin or first step in fuel conservation as they provide the control accuracy needed to match room heating loads with radiator output.

The main purpose of radiator thermostats is to control room comfort levels and to compensate *for internal and external heat gains.*

U.K. has the same needs as the rest of Europe

Most countries now recognise the necessity for energy conservation and various national bodies—including in the U.K. the Department of Energy—are laying down regulations, making recommendations and providing economic support to promote efficient utilisation of energy. Below are some examples of what a number of European countries have done with regard to radiator thermostats for the regulation of heating systems.

In performing this function, the savings potential of a quality thermostat is large enough to rank it among the best buys in fuel savings, without taking into account its leading role in realising savings from insulation.

EEC Nations opt for individual room control

Britain's heating season is longer but seldom as extreme as Scandinavia or Central Europe, so to some extent *measuring the heating needs* of Britain against the EEC is questionable. What can't be called into question however, is the need to cut our personal fuel bills. Britain's fuel cost versus earnings is much the same as other EEC countries so it is perhaps here, that useful comparisons can be made.

Examining Britain's governmental fuel savings exhortation, identifies the major activities being aimed at as, not overheating and insulation with specialised private sector and DOE units looking at the specific heating economy needs of a few buildings (but no mention of individual room control).

However, in Europe, government bodies are strongly influencing individual room control as a fuel conservation method, and with the particularly long heating season in Britain, its adoption here would be even more beneficial.

EEC: On the 25 May 1977 COM (77) *(Commission of the European Communities)* recommended that member countries should introduce measures to prevent overheating by using automatic controls for individual room temperature regulation. In a community action programme and a draft resolution on the rational utilisation of energy the use of radiator thermostats is recommended pointing out that if every fourth central heating system was improved in this way it would give a total oil saving of approx. 2.4 million tons of crude oil in 1980 and 3.9 million tons of crude oil in 1985.

France: Tax incentives (Article 8 of the Loi de Finances for 1975) allow each tax payer the possibility of deducting up to 7,000 Francs (at that time = £740 approx.) from his taxable income, in relation to the cost of thermal insulation and/or heat regulation work carried out at any time since 1st January 1974.

The Federal Republic of Germany: From 1st January 1978, proposed legislation will state that every radiator in individual dwellings must be individually controlled e.g. radiator thermostats.

Denmark: The Housing Regulations 77 state under chapter 12.2, para. 7 'where greatly varying heating subsidies occur owing to sunshine, body heat, machinery, etc. it must be possible to regulate the heating *supply from the heating* plant automatically either locally or centrally.' The rules laid down in this regulation will come into force on 1st *February 1978.*

Sweden: The Government energy consultative body known as EPU, has made recommendations covering both new construction and modernisation, providing for maximum contribution by the State, of 2,000 Swedish Kronors per flat or dwelling, with a total available of 6,000 Kronors per flat or dwelling, the 4,000 Kronor being an interest free loan (at that time 10 Swedish Kronors = £1 approx.). The methods of fuel saving include heat regulation, radiator thermostats being specifically mentioned as an approved method of heat regulation.

Finland: As from 1st May 1974. Government loans are only available on condition that various energy saving measures are included in the heating specification, e.g. all radiators ought to be equipped with radiator thermostats.

METHOD OF SAVING FUEL	PAY BACK SPAN IN YEARS	FAVOURED BUILDING TYPE HOME	OFFICE
1 Draught proofing by sealing strips (care should be taken to make sure that minimum ventilation is maintained in all rooms for fresh air to fires, etc.)	1-2	Yes pre-1960 especially	Probably
2 Insulating HWS storage cylinders	1-2	Yes	Yes
3 Radiator shields and shelves	1-2	Yes	Yes
4 Change lighting tubes from incandescent to fluorescent	1-2	Seldom	Yes
5 Automatic controls by radiator thermostats	2-5	Yes	No
		Yes	No
6 Roof insulation	2-5		
7 Hot water control linked to automatic timers	2-5	Yes	No
8 Central building automatic controls	5-10	Yes	Yes
9 Photo-cell control to lighting	5-10	No	Yes
10 Change of fuel	5-10	Yes	Yes
11 Wall insulation	7-12	Yes	No
12 Double glazing	Purchased for reasons other than fuel economy spin-off only		
13 Solar HWS heating	No effective pay-back unless considered for long term ecological and personal reasons		

Why buy Danfoss thermostats for your central heating radiators?

Because.....

- they are a quality product
- to save fuel, quality is essential
- to be comfortable, accurate radiator control is the key
- to stay comfortable economically, long product life is vital

British Gas and the Department of Energy say, "Control your radiators" – Do it automatically with Danfoss.

For the full story on fuel saving and comfort control send for the Danfoss *radiator thermostat booklet.*

Almost all Danfoss thermostats fitted to radiators over the last 25 years, still operate effectively. That's quality at the right price and there is no substitute.

COUPON

Send urgently, a free copy of the Danfoss radiator thermostat booklet

Name

Road

Town

County

Post Code

Please complete all details in block capitals.
Do you have central heating yes/no (Delete which is not applicable).

FT 3204

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UB6 7JF

Economy shackled by payments deficit

DENMARK IS typical of the small *OECD countries which* have found it difficult to adjust to the consequences of the *four*-fold increase in oil prices in 1973-74. It has found the task *of bringing* the current external deficit under control extremely *difficult*, and *what success* it has achieved is at the cost of a very substantial increase in unemployment.

Denmark's position is not made any easier by the long history of current balance of payments deficits since 1960, during which the deficit has *averaged* about 2 per cent. of Gross National Product a year. The *net foreign debt* had already reached a substantial size before the oil crisis struck. Since 1973 the current deficit has averaged about 3 per cent. of GNP, while the net foreign debt is now in the region of 16 per cent. of GNP.

Initial efforts to bring about an improvement in the external deficit in 1974 were successful *but painful*, with a massive dive in domestic demand, financial *difficulties in industry and a* rapid rise in unemployment. But the *1974* measures were followed up by a stimulus, which was based on the assumption that world demand would improve in the course of 1976. When the up-turn failed to materialise and the Danish external deficit last year reached a record Kr.11.5bn., or 4½ *per cent. of* GNP, a more restrictive stance was adopted *again, reinforced by new in*direct tax increases this autumn.

The adjustment process has been slowed down by the strong trade union movement, which until this year was intent on protecting its members' real wages. Household real disposable incomes rose by about 8 per cent. between 1974 and 1976.

Together with Norway and *Sweden, Danish wage rates and* wage costs are the highest in the world, and this top placing in the world wage league is reinforced by membership of the *European currency* snake, which links the krone to the German mark. *Successive de*valuations of the krone against the mark and the other snake currencies, by 6 per cent. in October, 1976, 3 per cent. in April this year and 5 per cent. in October this year, have had *little effect on the trade*-weighted international value of the krone, which in October was 9.9 per cent. against its 1971 value, a decline of 5.7 percentage points compared with its peak level in the autumn of 1976.

Mistimed

*After last year's mistimed re*flation, the Government is now *committed to a long, hard slog* towards an improvement in the external deficit. *Policy is based* on the external stabilisation of the exchange rate through membership of the snake, and internally through stabilisation of the price and costs level by *means of incomes policy backed* by cautious demand management and the toleration of a high unemployment level.

A modest start was made in the autumn of last year with a round of indirect tax increases, *cuts in public spending* and the establishment of a 6 per cent. norm for income increases *in* 1977 and 1978. Although the measures have not had a great impact on the external deficit, the incomes policy has been more successful than seemed likely when it was launched against bitter trade union opposition last year.

Several *industrialists in a* variety of industries with whom I have spoken in recent weeks have confirmed that they expect *hourly wage rates to rise by 6-8* per cent. a year in the two years of the current collective wage agreements, which run from March this year, which is close to the official target. The slow-down is most marked in industries *with* fairly high wage levels. The collective agreements included relatively large increases for the lowest paid, with the result that the wage bill has risen fastest in the weakest industries, such as textiles and clothing.

But the *relative* success in *limiting* the percentage wage increase has one limitation. The *percentage increase on an aver*age hourly wage in industry of about Kr.42 (£3.80) is in cash terms considerably larger than a 10 or 12 per cent. increase on a British or Japanese wage, and more, too, than a 6 per cent. rise in a West German worker's wage. It remains doubtful, therefore, whether the incomes policy has been tough enough *to bring about any improvement* in the competitive position of *export industry*.

In August this year the Government took another step towards reducing the external deficit with an interesting policy mix designed to improve the trade balance without hitting employment too hard.

Big increases on taxes on the consumer including an increase in the value added tax from 15 to 18 per cent. from October 3, were accompanied by increased spending on aids to industry, energy-saving and public sector spending. The object is to reduce demand, but to moderate the reduction by *switching* demand from import-heavy private consumption to *forms of expenditure* which are relatively light on imports. The Government estimated that its measures would produce a net increase in employment of about 20,000 jobs, or 1 per cent. of the labour force.

After the 5 per cent. rise in the GNP in 1976, this year has been one of *stagnation*. GNP growth is not expected to exceed 1 per cent. and imports in volume terms will barely show an increase either.

Private consumption has been at a virtually unchanged level this year, but in the final quarter will probably decline. Housing investment has fallen by about 10 per cent. and business investment, which showed a surprising resilience last year, rising by *about 11 per cent.* in volume terms, will probably rise by about 2 per cent.

Public consumption is also increasing by about 2 per cent., while exports are set *to increase* by between 4 and 5 per cent. Industrial output may have risen very slightly this year, but in the absence of an industrial output index this is difficult to know.

Inflation has increased slightly. Consumer prices, which rose by 9½ per cent. in 1976, are expected to show a rise of about 11 per cent. this year in the average level over 1976. The indirect tax increases have added about 2 per cent. to the price index. Consumer prices in 1978 will probably be 10-12 per cent. over the 1977 level.

Neither the government nor the Economic Advisory Cou... have published their aut... economic surveys yet, but private forecasters agree next year will be another with very modest growth.

The GNP is expected to ...crease by between 1 and 2 ... cent. This assumes that ex... of goods and services will ... by around 5 per cent., as ... of the other factors of dem... are expected to show any ...crease at all except public se... consumption and investm... which will probably rise ... or 2 per cent.

Should these forecasts h... target, the current balanc... payments deficit will come ... from Kr.11.5bn. in 1976 thr... Kr.9½bn. this year to Kr.7b... 1978, while unemploymen... generally expected to inc... from a level of about 7 per... of the labour force to an... age of around 8 per cent.

The forecasts may even ... the optimistic side, depe... on how consumers react t... autumn's squeeze. In 1974 ... over-reacted to a s... squeeze and in 1975-76 over-reacted to a stim... There is no knowing how ... will react this time, but a ... of evident significance is ... incomes are to-day rising ... fast than prices (and the ... have acquiesced). Shoul... fall in real disposable in... spark off a savings spre... outlook for domestic de... output and employment ... even less favourable ... feared.

Hilary Ba...

Copenhagen Corresp...

North Sea oil hopes

AFTER BEING the first country to strike oil in the North Sea—in 1966—the Danes have had to watch their British and Norwegian neighbours race ahead of them towards self-sufficiency in energy supply. *Next year, however, the Danish* Government hopes to be able to come *to terms with* the Danish Underground Consortium (DUC) on a development programme for North Sea oil and gas which would substantially reduce Denmark's dependence on imported oil. The effect on the Danish economy, it is hoped, could be as momen*tous as the current influence of* North Sea oil on the British economy.

The Government is relying heavily on a North Sea development programme to solve Denmark's energy problems until the end of the century, allowing it to postpone a decision on the very sensitive issue of whether the country should have *nuclear* power stations. The significance of the rela*tively modest North Sea discov*eries has been enhanced by the *failure of the oil companies to* find oil or gas off West Greenland this summer. But the DUC has serious reservations about the economic validity of the Government's plans to construct a gas distribution network and the latter will probably have to mobilise political and strategic arguments to justify a decision to go ahead.

The present situation was reached after the Government *last year applied pressure on* A. P. Moeller, the sole conces*sionaire, claiming* that by failing to bring into production *gas discoveries* made in 1968 it was not fulfilling the terms of the concession. After some tight bargaining an agreement was signed last July under which Moeller undertook to submit by May 1 next a complete evaluation of the gas finds and a programme for their ex*ploitation*. The agreement also gives the Government purchas*ing rights, introduces a relin*quishment clause into the con*cession agreement and allows* the Government to control the flaring of gas in connection with future oil production.

The gas dispute was sparked *off when De Golyer and Mac*-Naughton, the American consul*tants called in by the Govern*ment, estimated that recoverable gas reserves in the structures so far found on the Danish Continental shelf were well over 60bn. cubic metres. The DUC, in which A. P. Moeller *is partnered by Shell, Chevron* and Texaco, had rated the reserves at between 27bn. and 49bn cubic metres. The DUC based its figures on a 17-18 per cent. recovery rate from the Cora Field, the largest gas structure, while De Golyer and MacNaughton believed over 40 per cent. *of the gas was recoverable.*

The DUC report, which is expected before the May deadline, will certainly narrow the gap between its earlier gas reserve estimate and that of the American consultants. It will probably justify the Gov*ernment's current belief that it* would be possible for Denmark to obtain 30 per cent. to 35 per cent. of its energy supplies from domestic sources, at least until the end of the century. But the DUC report is likely to *leave a large question mark* over the economic wisdom of building an offshore gas pipeline and a gas distribution network within Denmark.

Constant

Denmark's total energy consumption has been reasonably constant since 1973 within a range of 15m. tonnes to 17m. tonnes oil equivalent a year and it is estimated that the savings programme will be sufficiently effective to prevent consump*tion rising above* 20m. tonnes a year before 1985. After that the target would be a growth rate of less than 2 per cent. a year.

At the moment imported oil provides 85 per cent. of energy, *a proportion which will prob*ably be reduced to around 80 per cent. as coal is introduced for power plants. The current bill for oil imports is around Kr. 10bn.

The Government and the DUC *can be expected to agree* that the North Sea oil finds *could reasonably supply 15 per* cent. of energy demand, although the oil companies would have reservations about the prohibition on gas flaring and about the feasibility of maintaining this level of oil production until the year 2000. They would probably also agree *that it would be technically pos*sible to get a further 15 per cent. of the estimated energy demand from the North Sea gas reserves but their views on the economics of such an operation will certainly vary greatly.

The DUC will be sceptical about the Government's willingness to pay a price for the gas which in the companies' view would justify the heavy expen*diture on development for the* Danish market. The companies would certainly prefer to establish first a cash flow from oil production which could be used to develop gas resources later. They would also want some *guarantees about the load factor* on the Danish gas market, which will show large seasonal fluctuations. Who will pay for the large storage facilities *needed to even out the load?*

In an analysis of the Government's energy policy the oil companies marketing in Denmark have already argued that it would be more profitable for the Danish economy to export its North Sea gas to other countries on the Continent which have a developed distribution network. Currency income could be used to finance oil and coal imports, for which the dis*tribution infra-structure already* exists, while gas would call for the building up of a completely new distribution system in Denmark.

Under the *preliminary* Government scheme the State company, Dansk Olie og Naturgas, would build a 210 km. offshore pipeline and basic transmission systems at a cost of some Kr.9bn. at 1976 prices, *while* public utilities would be formed to market the gas locally. The oil marketing companies claim that the Kr.10.2bn. savings at which the Government arrived in a socio-economic analysis of the gas project for the period 1975-1995 is more likely to be changed into a deficit of around Kr.3bn.

It is already evident that the Danish Government and Parliament will in the final analysis have to weigh carefully the strict commercial arguments against supply security considerations for a country which is more heavily dependent on *oil imports than any other* in the OECD area. Other factors could be the political incentive to obtain at least a medium-term solution to the energy issue and the possibility of interesting the Norwegians in developing some of their *smaller* gas discoveries south of the Ekofisk Field for transmission through the Danish offshore pipeline.

The Danes so far list five oil discoveries—the Dan, Vern, Ruth, Anne and Adda fields—and two gas fields—Cora and Bent. They are all modest by Norwegian and British North Sea standards and the first development on the Dan field *ran* into problems over the porosity of the limestone structure. The *DUC* has had to pump sand down under pressure to maintain the flow.

Nevertheless, for the foreign oil companies in DUC, if not to the same extent for A. P. Moeller, Danish tax levels mean that exploitation of the fields with a potential of *only* 20,000 *b/d* becomes profitable. In addition, all the finds are close together in relatively *shallow water and could be pro*duced through the Dan loading system, in which ... vestment is largely com...

Dan is expected to give 500,000 tonnes of oil thi... The DUC plans to repai... existing wells and to ra... production target for ne... to 600,000-700,000 tonne... next step depends on a G... ment permit for work ... Vern structure. If the... *obtains a Government g... (the gas flaring questio... have to be solved satisfac...* it calculates that it cou... close to a production ... tonnes a year by 1981.

In contrast with the c... optimism now prevailing North Sea oil and gas d... ment, the exploration of ... Greenland this year gav... disappointing results. Th... consortia active there thi... mer drilled four dry ... which indicated that the ... of a bonanza raised by th... *physical surveys are unli...* be fulfilled. The con... have not yet made up ... minds about their 1978 ... programmes; they are cu... revising their assessment... survey data in the light ... summer's drilling results...

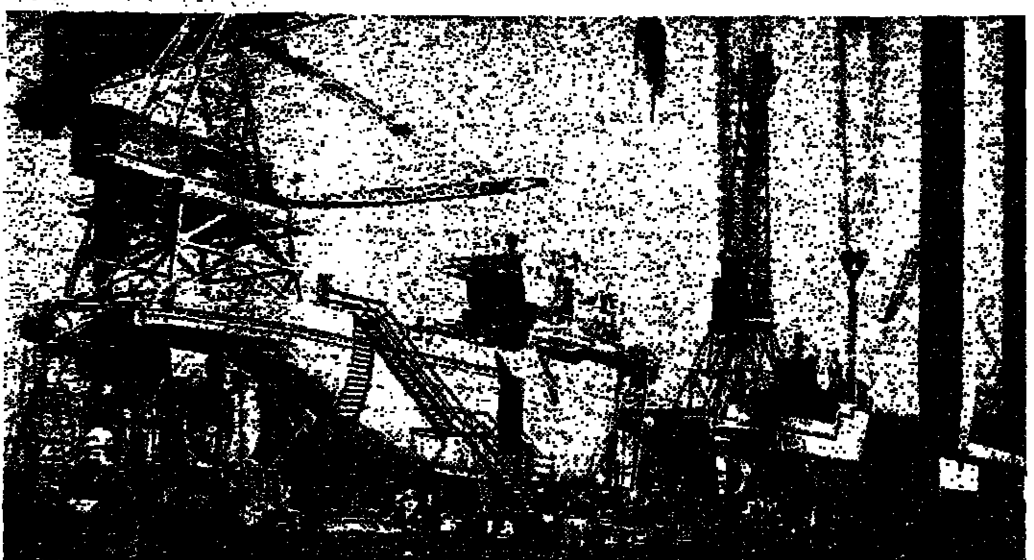
Drilling off West Gre... involves the *use* of two ... vessels for each platfor... protection against ... which can be towed off ... by the supply boats ... approach the platform. ... cost of each well has no... as high as was originally... The need to mobilise a ... mobilise equipment eac... adds to the costs compar... North Sea exploration an... was delayed this year wh... drill ships were not re... time. On the other ha... wells have been drilled ... quickly.

The Danish Governm... also planning to open u... concession areas. Over th... three years it will carry ... aeromagnetic survey of ... Greenland, where the ge... cal prospects are believe... even more promising th... West Greenland, but wh... year-round pack ice ... operating conditions co... ably more challenging. Al... the first five wells have ... to be dry, the Greenland ... is by no means over.

Shipbuilders air their grievances

I SHIPBUILDERS and ...ers are angry with the ... the world. They see ...ves as among the last ...ciples of free trade while ...ies for the shelter of ..., distorting competition ...eventing the natural ...ent of the market. They ...it a good case, but their ... of other nations' ...s is currently sharpened ...nowledge that, although ...ve so far avoided the ... profit collapses of ... of their neighbours, ... of them are fast ...hing the point where ...own reserves will be ...ed.

... shipbuilders blame the ... in their order books on ...ional subsidy schemes ... by other countries and ...compromising competi... the Japanese yards. The ...ers underlined in a ... with the Danish Gov... on November 7 the ... differences in the costs ...rating vessels under the ... flag and under the ... flag or a flag of conveni... They warned that com... would have to switch ... vessels to other flags ... some tax relief was ...ming.


Offshore supply ships under construction at the Lindoe yard, which is owned by A. P. Moeller.

...dging

... shipbuilders and ship... are in effect one and ...me. Of eight Danish yards ... are owned by shipping ...ding companies and the ... Burmeister and Wain, ... its own shipping com... A. P. Moeller, the family ... group which has indus... trading and oil interests ... as shipping, owns Lindoe at Odense, which has the ...ity to build vessels of ...00 dwt. The Naskov yard ... small unit in the vast com...ial empire of the East ...ic company, while the ...tzen group operates three ... at Aalborg, Helsingoer ...rederikshavn.

...s difficult to separate the yards' financial accounts from those of their parent companies. Several of them have repair and conversion operations which at least until recently were profitable. Alborg has a boiler-making business and was able to show profits of around Kr.60m. last year, while Burmeister and Wain is still earning reasonable money on old orders at its Copenhagen yard, which is now down to about one-third of its former capacity. The Lindoe yard, with only a fraction of its immense steel throughput being utilised, cannot be making a profit even though it has cut employment by about one-third. But the three big owners—Moeller, East Asiatic and Lauritzen—are involved in so many activities that they can afford to operate some with a negative cash flow, at least for a time.

It is, however, contrary to their commercial principles and, although they have been placing substantial orders with their yards, it will be difficult for them to find economic justification for further orders, when freight markets are poor and new ships can be bought on the second-hand market for close to half their building costs. Employment in the new-building sector of Danish shipbuilding has already been scaled down from 16-17,000 in 1974-75 to around 10,000. By the end of 1978 new building capacity is expected to be halved and the yards are not sure that they can stop even there.

When they themselves are adjusting in this fashion to the new market situation, it is understandable that Danish shipbuilders should look with a jaundiced eye at those countries which are not cutting shipbuilding so swiftly and are subsidising the building of new vessels at their yards. The building for stock by the Swedish yards and the recent British deal with Poland have not gone down well in Copenhagen. Such measures are seen as hindering the inevitable reorganisation of the European shipbuilding organisation, while the Polish order it is felt also gives a financial boost to a shipping country which is undercutting freight rates.

Encouraged

More recently, the Danes have been encouraged by indications that the EEC Commission has been doing its arithmetic over the future potential demand for new ships and has got the message about the need to cut EEC building capacity drastically.

While the Danish argument stands by itself, it must be pointed out that the Danish yards, with the possible exception of Lindoe, which was designed for ULCC construction, have not been so exposed to the collapse of world shipbuilding. Their overall capacity is lower, most of the yards are small and they have a built-in resilience in their extensive repair and conversion activities. So far the Danes have not experienced the dramatic plunge into losses of some of the Swedish yards, but their current order intake is so thin that more than one yard may be building no ships in 1979.

On October 1 the Danish yards had orders in hand for 53 vessels of 688,000 grt and 975,000 dwt. This compares with an order book of 72 ships aggregating 1.1m. grt or 1.9m. dwt at the end of 1976 and 87 ships totalling 2m. grt or 3.6m. dwt at the end of 1975. The value of the orders had declined from Kr.6.6bn. at the end of 1976 to Kr.5.1bn. in October. In previous years export orders accounted for 50-60 per cent. of the Danish yards' new buildings; in October only about 10 per cent. by value of the remaining order stock originated abroad.

During the first nine months of this year new orders were received for only 13 vessels of 123,800 grt or 153,600 dwt to a value of less than Kr1bn. They included only one order from abroad, a training ship for Iraq. All the others came either from the yards' own parent companies or from Government authorities. The number of ships delivered in the nine months was 32, totalling 590,000 grt or 1.08m. dwt. Ten of them were delivered abroad. The value of the total deliveries was Kr.2.6bn. Comparison with the value of less than Kr.1bn. in incoming orders during the same period illustrates the present plight of the Danish yards.

The Danes have given way on their uncompromising free trade principles this year to the extent of persuading the Government to ease the rules for ship credits, extending the term from seven to ten years and raising the percentage of the total value which could be borrowed by Danish owners. So far, however, orders for only three small ships have been placed under these new terms and it is understood that these orders would have been placed anyhow.

Danish shipping has also proved to be more resilient than, for instance, the Swedish or Norwegian merchant fleets to the recession in the world shipping market. This is partly because, with the exception of A. P. Moeller, they were less committed to the tanker business, and partly because some 35-40 per cent. of their total earnings stems from the liner trade, which has so far been a stabilising influence. On July 1 roughly 11 per cent. of the Danish fleet was laid up, a relatively modest figure when compared with the Swedish and Norwegian proportion. This may not be a true reflection of the real situation of the Danish tanker fleet since A. P. Moeller has followed a policy of keeping some tankers manned, waiting for cargoes, rather than laying them up. On November 1 it had only ten tankers laid up, representing about 1m. dwt of its total fleet of around 5m. dwt. Both Moeller and East Asiatic are well consolidated concerns with substantial reserves.

In September the Danish Shipowners' Association reported that lay-ups were increasing again after a reduction at the beginning of the year caused by sales of ships to foreign owners. It warned that the freight market outlook made further lay-ups possible, and on November 7 the Association outlined the deteriorating situation to the Government.

On July 1 the fleet totalled 903 ships aggregating 4.4m. grt or 8.2m. dwt, of which tankers made up 104 vessels of 2.7m. grt and just over 5m. dwt. The companies' construction programme reflected their attitude towards the future. Some years ago the Danes maintained a construction programme equivalent to 50-55 per cent. of the existing fleet; on September 1 they had on order 94 ships of 1.3m. dwt corresponding to only 15-20 per cent. of the fleet.

With about 90 per cent. of their income deriving from foreign trade, the Danish shipowners are firmly committed to the free trade philosophy and have traditionally had little or no contact with their Government. Now, however, they have complained to the Government about the high labour costs and high interest rates involved in operating under the Danish flag. This year the Dansk-Franske Dampskibselskap registered a newly built vessel under the Liberian flag and is planning to do the same with two others, in order to be able to refinance its building contracts. So far there has been only marginal unemployment in Danish shipping, but the owners are now signalling the need for some action on labour and capital costs if they are to maintain this record.

About two-thirds of the Danish merchant ships are small dry-cargo vessels, known rather inaccurately as coasters, which operate both liner and tramp trades in European waters or to North Africa and the Middle East. This fleet is based on a part ownership system, with one small ship being owned by 30-50 people, who invest in order to obtain the advantage of being able to deduct their share of the total annual depreciation on the ship from their taxable incomes.

Tens of thousands of Danes, mainly professional people such as doctors, dentists, lawyers and airline pilots, hold parts in these vessels, which are operated by professional managers and skippers. It is estimated that the small dry-cargo fleet provides about Kr.1bn. of the total Kr.7bn. gross earnings of Danish shipping. It is a business in which the Danes dominate the European market, having taken over from the Dutch and West Germans over the last 15 years.

The dry-cargo market is now moving into trouble, but it has been one reason why the Danes have not been as badly hit over the past two years by the downturn in world shipping as some of their neighbours have been. The part-ownership system is also an instance of uninhibited free enterprise and helps to explain why the Danes, although living in a society which has been largely shaped by Social-Democratic policies, remain unrepentant free-traders on the world's oceans.

W.D.

Banks under restraint

DENMARK IS burdened with the highest interest rate structure in Europe, a twin consequence of two basic factors, the need to finance the current external deficit abroad and the budget deficit at home. An inflexible law governing the interest spread between bank advances and deposits has contributed to edging interest rates up even further than might otherwise have been the case. Rather to the surprise of the banks, who regard themselves as victims of circumstances beyond their control, they have found themselves under attack both for giving and charging high interest rates.

Interest rates in Denmark are largely determined by the market and not by administrative fiat. The Central Bank has for years been forced to maintain the discount rate at a level which is high enough to encourage business to import capital, but this year the discount rate, which is at 9 per cent., has ceased to control interest rates.

Effective interest on medium and long term bonds have fluctuated around 16-17 per cent. this year and the bond market, and more particularly the market in Government debt, has determined interest rates.

Borrowing

The Government borrowing requirement in fiscal year 1977-1978, ending on March 31, will be about Kr.21bn. and in 1978-1979 Kr. 27-28bn. This year's requirement is being financed by the sale of Kr.10bn. in Government debt on the domestic market and Kr.6bn. in foreign loans. This year's borrowing requirement amounts to about 7 per cent. of GNP.

The liquidity squeeze which has resulted from the financing of the Government debt has produced an unfortunate spin-off in the form of interest rates on large short-term deposits, which are periodically very high, up to 22 per cent. This tends to happen especially at times when there is a strong interest in forward foreign exchange dealing, for which the banks require liquid assets. Politically it caused considerable irritation that the banks have felt obliged to compete for deposits from local government and the larger corporations on these terms.

The high rates on short-term deposits, however, has a further effect on rates on bank advances. This is the consequence of what Professor P. Nyboe Andersen, general manager of Andelsbanken and former Economy Minister, has called "the irrational legislation" on interest margins. The spread is limited for each bank and savings bank individually to the average of three years 1972-74. If the banks have to pay high rates on deposits, they are forced to adjust their loan rates upwards as well.

The criticism of the banks for pushing up interest rates, which apart from the factors mentioned are determined by the marginal rates on loans from the Central Bank and competition with certificates of deposit, have been followed by a variety of proposals for mitigating the situation.

The Minister of Commerce has put forward an amendment to the interest spread legislation which would enable him to give a dispensation from the legislation to individual banks and also allowing for an adjustment of the spread when the discount rate is changed. When the legislation expires in 1979, according to another proposal favoured by the Government, the banks will be placed under supervision of the monopolies board, which is the price and profit-controlling authority.

The object of the interest spread legislation was to impose a form of incomes policy on the banks at a time when everyone else was being subjected to income restraint, and the object of placing the banks under the control of the monopolies authority would also be to see that they do not earn excessive profits.

Proposal

Another proposal, favoured by some of the big banks, is that there should be a return to the interest rate agreement which was in force between 1936 and 1973. This imposed uniform deposit rates on all banks and savings banks. The banking community, however, is far from agreement on this proposal. Aktivbanken, one of the more aggressive Jutland banks, has threatened to leave the Association of Danish Banks (in which case it would not be obliged to follow a voluntary interest rate agreement) if this proposal was realised.

The third main instrument of monetary control is the quantitative restriction on the expansion of credit. There is a ceiling on bank advances (affecting loan commitments), which has been in force since 1970. The ceiling is regularly adjusted upwards, but the adjustments have consistently lagged behind the increase in the general price level, and thus the banks have seen their share of the credit market decline. This year the credit line ceiling has been raised by 8 per cent., which is in line with the increase in other recent years.

The credit ceiling is used partly because the control of credit through the control of the money supply has in the past proved too haphazard, partly because this is an effective means of forcing business to raise a substantial part of its credit abroad. In this sense the policy has been successful, at least until 1975, when the current balance of payments deficit was by and large financed from private capital imports. In the past two years, however, the authorities, mainly the Kingdom, have become very large borrowers abroad, last year covering almost the entire current external deficit.

Private capital imports this year have again been substantial, but the Government has continued as a very active borrower in foreign markets, building up the official foreign exchange reserves to a record Kr.13bn. against the eventuality that the markets will become less liquid next year or later.

Since 1975 the mortgage bond market has also been subject to a ceiling on commitments, though it is a little uncertain how effective this has been in controlling credit expansion to date. While the money supply measured by the M1 and M2 definitions has increased this year at a steady 6 and 9 per cent. respectively, the increase has been a steady 16 per ce[nt] by an M3 definition, wh[ich] brings in mortgage credit.

Last year was a poor y[ear] for the banks, some of wh[ich] recorded losses arising from [the] decline in the book value [of] bond and other security h[old]ings. These go into the accou[nts] at the value on December [31,] not at an average value for [the] year. This year they are unli[kely] to suffer further losses on [this] account and may benefit f[rom] a rise in bond prices at the [end] of the year.

Unchanged

Earnings on operating acc[ounts] will probably be more or [less] unchanged. The relatively [poor] earnings record has helpe[d] depress the price of bank sh[ares] on the stock market to the [point] where the larger banks [were] in fact in need of new ca[pital] this year) would have diffi[culty] in selling new issues. The b[anks] however, remain very [well] consolidated. The legal req[uire]ment is a capital to liabi[lities] and guarantees ratio of 8 [per] cent, the highest in Europ[e].

The prospects for 1978 [will] be influenced by the conti[nued] economic stagnation and b[y] tight monetary and c[redit] policies which the ext[ernal] deficit and the budget d[eficit] will necessitate.

I.

Free rein for industry

UNEMPLOYMENT, INFLATION and the balance of payments deficit provide Denmark with its fair share of economic problems. It comes as a slight surprise therefore to hear the frequency with which businessmen explain that Denmark is in fact an excellent country to do business in or from.

Among advantages regularly mentioned are political stability and the narrowness of political extremes, a tradition in industry as well as politics of finding solutions by talking together, high educational standards, and an understanding and agreeable workforce. Labour accepts the need for productivity improvements, rarely goes on strike, and turns up for work: absenteeism averages about 6 per cent. In return managements are remarkably open in their relations with employees.

In several ways Denmark stands out as exceptional in the European scene, and even more among the Nordic countries. It shares with Switzerland and Luxembourg a complete lack of State ownership in manufacturing industry, although the utilities and railways are under public control.

Largest

Despite the fact that Social Democratic governments have had much the largest share of office for the past fifty years, they have never shown any inclination to nationalise industrial companies.

A second outstanding feature of Danish industrial policy is the complete absence of subsidies. There are of course regional development subsidies and shipbuilding receives credit on favourable terms, but credit to shipbuilding, as well as export credit, is granted on terms which are strictly within the terms of the relevant international agreements. Not even the ailing textile and clothing industry or the shipyards have been offered so much as a State credit guarantee.

As a small country dependent on the free movement of trade across international borders (exports account for 30 per cent of GNP), Denmark has always pursued a liberal trade policy and been careful not to infringe international agreements. Governments take the view that with the relative lack of economic muscle which the country has it would be an easy target for retaliation if it failed to keep its own record clean—naive as this sometimes seems to a hard-pressed clothing manufacturer.

There is another side to the story too. It does not have the funds to subsidise industries and could in any case never hope to compete against the treasuries of larger nations. Industry and government are entirely in agreement on this matter.

The Federation of Industries is just bringing out a book setting out its views on industrial policy in which it emphasises strongly the importance of remaining independent of government funds and the threat to efficiency which subsidies entail.

But while the Danes are convinced that their own policy is the right one, they are increasingly disturbed by the spread of subsidies in other countries. Managers of Danish companies facing subsidised competitors abroad cheerfully proclaim that in five years' time the competitor will not be capable of tying his own bootlaces, but this assumes that the Danish company can survive against heavily subsidied competitors for the time it takes for inefficiency to set in.

Given the major role which Norway and Sweden play in Danish foreign trade, the selective subsidies to a wide variety of industries in these countries are of special concern, as too are the generalised wage and stock-building subsidies which industry in these countries enjoys.

The absence of subsidies in Denmark reflects another feature of Danish policy, the continued emphasis on maintaining the mobility of labour, which also means that companies which run into trouble can quickly rationalise by cutting the labour force. The employer does not have to pay any wages during lay-offs, which makes short-time working a popular way of meeting a temporary cut in demand. All unemployment benefits are paid for by the State, not by contributions from the companies. Unemployment benefits, on the other hand, are high (maximum rates are 90 per cent. of the average earnings of skilled workers) cushioning the economic impact of unemployment.

Good depreciation allowances, particularly on machinery and equipment, and low corporate taxes are other factors which contribute to a relatively good business climate. The corporate income tax rate is 37 per cent., which is fairly low in itself, but the real level of corporate taxation is put into relief by the fact that it contributes only about 4 per cent. of total tax revenues, while in most other European countries the level is 20 per cent. or more. Employer social security contributions are also extremely low, only about 3 per cent. of the wage bill.

This is not of course to say that Denmark is an Eldorado for the profit-seeking industrialist. As a small country in a highly competitive world, Denmark's profits have followed closely the pattern of other countries, with falling real returns on capital and hence declining average solvency levels throughout the past 15 or 20 years. The solvency ratio for Denmark's 200 largest companies last year was 19.3 per cent., but this average is pulled down by several organisations with extremely low ratios. Perhaps it is more typical that the 600 companies which are customers of the Finance Institute for Industry and Trade last year had an average solvency ratio of 31 per cent.

A consequence of the relative flexibility which management has retained is that even during the current recession industrial productivity has continued to increase. Output per man/hour in the private sector as a whole has gone on rising by about 4 per cent. a year, and in industry the increase is about 6 per cent. While this may be a sign of efficiency, it is also a cause for concern, since it implies that a very large increase in industrial output will have to take place before the unemployed can re-enter the labour force. "Technological unemployment" is a phrase which occurs with increasing frequency in public discussion of the country's economic problems.

Denmark still has to spend a lot of time convincing the rest of the world that it is no longer purely an agricultural country and has much more to offer than bacon and butter, but the fact is that Denmark is typical of other West European industrial countries in having some nine per cent. of the population in agriculture, fishing and forestry and about 32 per cent. in industry. Agricultural products remain a major export, accounting for about 25 per cent. of the total, but industrial exports account for about 70 per cent., reversing the position of 20 years ago.

Young

As the swing from agricultural to industrial exports suggests, Danish industry is new and young. It has the same advantage as West German industry in having being built almost from scratch since 1945 (but unlike Germany it escaped destruction in the war). It is extremely diverse, both in product range and in company structure, where the small- and medium-sized firms are dominant (there are only about 90 companies with over 500 employees, and they employ about 27 per cen[t.] [of] the manufacturing labour f[orce]).

It is in some ways eas[ier to] define the Danish indu[strial] structure by what it ha[s not] got. There are no raw mat[erials] other than agricultural[,] fisheries products, and there are very few comp[anies] based on processing pr[imary] products. There is no [heavy] industry only a small m[achine] tool industry, and few com[panies] turning out mass-produce[d con]sumer products. But so[me of] these companies, unt[ypical] though they are in [some] respects, are among [the] country's best-known comp[anies] such as Bang and Olufse[n for] television sets and stereo [equip]ment and Lego for plast[ic] building bricks.

There are few compani[es out]side the shipbuilding in[dustry] which produce heavy ind[ustrial] equipment, and again it [is the] exceptions which prove th[e rule,] such as the Burmeiste[r and] Wain heavy marine engines and F. L. Smid[th] cement manufacturing pl[ant].

The typical manufac[turing] company is one which i[s pro]ducing a highly specialise[d pro]duct for a relatively smal[l mar]ket, such as electronic [equip]ment for hospitals, wh[at is] known as the "niche p[roduct]". These are industries with [high] value added content, req[uiring] a well-educated and [skilled] labour force from the top [down].

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♥G. & A. Trust (a) (g)
5, Rayleigh Rd., Brentwood (0277) 227300
G. & A. 30.1 32.1xd +0.2 4.82

CLIVE INVESTMENTS LIMITED
…oyal Exchange Ave., London EC3V 3LU. Tel. 01-283 1101
…ndex Guide as at 22nd November, 1977 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	130.81
Clive Fixed Interest Income	123.14

CORAL INDEX: Close 469-474

INSURANCE BASE RATES

† Property Growth	6¾%
Cannon Assurance	2 %

† Address shown under Insurance and Property Bond Table.

BASE LENDING RATES

…N. Bank	6 %	■ Hill Samuel §	6 %
…ed Irish Banks Ltd.	6 %	C. Hoare & Co. †	6 %
…erican Express Bk.	6 %	Julian S. Hodge	7 %
…o Bank	6 %	Hongkong & Shanghai	6 %
… Bank Ltd.	6 %	Industrial Bk. of Scot.	6 %
…ry Ansbacher	6½%	Keyser Ullmann	6 %
…o de Bilbao	6 %	Knowsley & Co. Ltd.	7½%
…of Credit & Cmce	6 %	Lloyds Bank	6 %
… of Cyprus	6 %	London & European	8½%
… of N.S.W.	6 %	London Mercantile	6 %
…ue Belge Ltd.	6 %	Midland Bank	6 %
…ue du Rhone	6½%	■ Samuel Montagu	6 %
…lays Bank	6 %	■ Morgan Grenfell	5½%
…ett Christie Ltd.	7 %	National Westminster	6 %
…ar Holdings Ltd.	7 %	Norwich General Trust	6 %
… Bank of Mid. East	6 %	P. S. Refson & Co.	6 %
…n Shipley	6 %	Rossminster Accept'cs	6 %
…da Permanent AFI	6 %	Royal Bk. Canada Trust	6½%
…ol C & C Fin. Ltd.	9 %	Schlesinger Limited	6 %
…r Ltd.	6½%	E. S. Schwab	7½%
… Holdings	7 %	Security Trust Co. Ltd.	7½%
…erhouse Japhet	6 %	Shenley Trust	8 %
… Coates	7 %	Standard Chartered	6 %
…lidated Credits	6 %	Trade Dev. Bank	6 %
…erative Bank *	6 %	Trustee Savings Bank	6 %
…hian Securities	6 %	Twentieth Century Bk.	7½%
… Lyonnais	6 %	United Bank of Kuwait	6 %
…n Lawrie ¶	6 %	Whiteaway Laidlaw	6½%
… Trust	6 %	Williams & Glyn's	6 %
…h Transcont.	7 %	Yorkshire Bank	6 %
… London Secs.	6 %		
… Nat. Fin. Corpn.	7 %		
… Nat. Secs. Ltd.	7 %		
…y Gibbs	6 %		
… Durrant Trust	6 %		
…ound Guaranty	6 %		
…ays Bank ‡	6 %		
…ess Mahon	6 %		
…os Bank	6 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3¼%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3½% and over £25,000 4%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 3½%.
¶ Rate also applies to Sterling Ind. Secs.

…DERS AND LAGGARDS

…wing table shows the percentage changes which have taken place …er 31, 1976, in the principal equity sections of the FT Actuaries Share … also contains the Gold Mines Index.

…	+ 94.22	Food Manufacturing	+ 27.41
…nd Construction	+ 92.41	Insurance Brokers	+ 26.66
…s	+ 86.49	Overseas Traders	+ 26.52
…adio and TV	+ 76.29	Engineering (General)	+ 26.27
…erials	+ 68.70	Chemicals	+ 25.62
…	+ 67.15	Banks	+ 24.56
…ent	+ 64.79	Investment Trusts	+ 21.47
…(Heavy)	+ 63.00	Insurance (Composite)	+ 39.86
…ds (Durable) Group	+ 62.66	Merchant Banks	+ 39.36
…nd Publishing	+ 60.62	Toys and Games	+ 38.41
…	+ 57.42	Packaging and Paper	+ 37.86
…	+ 53.73	Insurance (Life)	+ 36.57
…	+ 51.31	500 Share Index	+ 36.49
… Group	+ 49.62	Financial Group	+ 36.27
…stributors	+ 48.09	Textiles	+ 35.48
…ods	+ 47.87	All-Share Index	+ 34.71
…	+ 46.82	Gold Mines F.T.	+ 16.94
…rits	+ 45.07	Oils	+ 15.95
… and Catering	+ 43.68	Shipping	+ 13.87
…up	+ 41.49	Tobaccos	+ 2.78
…(Non-Dur.) Group	+ 42.31	Mining Finance	+ 1.20
…es	+ 27.97		

…ntage changes based on Tuesday, November 22, 1977, indices.

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

Welfare Insurance Co. Ltd.♥
The Leas, Folkestone, Kent. 0303 57333
Moneymaker Fd. 99.9
For other funds, please refer to The London & Manchester Group.

Windsor Life Assur. Co. Ltd.
1 High Street, Windsor. Windsor 68144

Life Inv. Plans	68.0	71.6	......	—
FutureAssd.Gth(a).		25.0	......	—
FutureAssd.Gth(b).		55.0	......	—
Ret. Assd. Pens.		£27.75	......	—
Flex. Inv. Growth	108.3	114.0	......	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. § Guernsey gross. ≠ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1977 High	Low	Stock	£	+ or −	Yield Int.	Red.
101	95⅝	Treasury 9pc 1978‡‡	101⅛	.....	8.90	5.28
104	97⅞	Treasury 10½pc '78‡‡	103	.....	10.18	5.50
100⅛	90	Exch. 5pc '76-78‡‡	99¾	.....	5.01	5.29
107	95	Treasury 11½pc '79‡‡	104½	+	11.01	7.76
97¾	84	Treasury 3pc '79‡‡	95¼	.....	3.15	5.79
98¾	85⅛	Electric 4¼pc '74-79	96⅛	−⅛	4.41	6.36
106	92	Treasury 10½pc '79‡‡	103⅝	+	10.13	8.43
97⅝	84⅞	Electric 3½pc '76-79	96	−¼	3.65	5.67
107	87¼	Treasury 9pc 1980‡‡	101¾	.....	8.85	8.34
105¾	88⅛	Treasury 9½pc '80‡‡	102	....	9.31	8.60
96	82⅞	Treasury 3½pc '77-80	96⅝xd		3.70	5.80
98¼	83	Funding 5¼pc '78-80‡‡	96⅝xd	−¼	5.43	6.72
112	96	Exchequer 13pc 1980‡‡	109xd	+⅛	11.89	9.37
108	92	Treasury 11½pc 1981‡‡	105¼	+	10.93	9.49
94¼	77⅞	Treasury 3¼pc 1979-81	91⅛		3.84	6.58
104	85	Treasury 9¾pc 1981‡‡	100		9.66	9.41
103½	97½	Exch. 9½pc 1981	99	.....	9.51	9.50
92	91⅞	Exch. 3pc 1981	91⅞	..	3.27	5.43
98¾	97⅜	Treas Variable '81‡‡	98		5.03	5.50
113	96½	Exch. 12¼pc 1981‡‡	110	+	11.56	9.58
100⅝	82⅞	Treas. 8½pc '80-82	96⅞	−	8.77	9.40
93⅛	71⅝	Treasury 3pc '82‡‡	87¾	−⅛	3.41	6.30
119	101⅝	Treasury 14pc '82‡‡	114	−	12.18	9.57
98½	97¼	Treas Variable '82‡‡	98xd	.....	5.04	5.45
98	95⅞	Treas. 8¼pc '82a	96	−	8.58	9.29
102⅛	93⅝	Exch. 9¾pc 1982	99⅝	....	9.31	9.40

Five to Fifteen Years

1977 High	Low	Stock	£	+ or −	Yield Int.	Red.
87⅝	83	Exch. 3pc '83	83¼	.....	3.64	7.05
113	95½	Treasury 12pc 1983‡‡	111⅝	.....	11.0	9.75
101⅞	96¾	Treasury 9¼pc '83	99⅝	....	9.41	9.65
95	72⅞	Funding 5½pc '82-84‡‡	90½		6.21	7.89
100¾	77	Treasury 8¾pc '84-86‡‡	97¾	+¼	8.99	9.43
87⅞	66¾	Funding 6½pc '85-87‡‡	84¼	+¼	7.75	9.09
94	68½	Treasury 7¾pc '85-88‡‡	89¾	−¼	8.89	9.75
74	49	Transport 3pc '78-88	65	+¼	4.68	8.10
76¼	53⅞	Treasury 5pc '86-89	70⅞	+¼	7.11	9.18
121¼	90	Treasury 13pc 1990‡‡	114¾	+½	11.81	11.43
94¾	67	Treasury 8¼pc '87-90‡‡	85xd	+¼	9.60	10.27
112	82¾	Treasury 11¾pc 1991	105¼	+⅜	11.60	11.55
76	53	Funding 5¾pc '87-91‡‡	70¾	+¼	8.22	9.85
118	86¾	Treasury 12¾pc '92‡‡	111⅝	+½	11.89	11.67
[illegible]	[illegible]	Treasury 10pc 1992	94	−⅜	10.65	10.85

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

AMERICANS—Continued

S.E. List Premium 37⅞% (based on $US1.8125 per £)

Conversion factor 0.7231 (0.7182)

CANADIANS

S.E. List Premium 37⅞% (based on $2.0208 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

For Burns Anderson see Industrials

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

حكزامن الأصل

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
195	70	Falcon Rh.50c	152	+4	Q50c	ϕ	31.4
20	9	Rhod'n Corp. 16½p	16	......	0.57	4.3	5.4
165	60	Roan Cons. R4	60	......	—	—	—
164	115	Tanganyika 50p	140	......	Q11.0	1.1	7.9
80	70	Do. Pref. 80p	78	−2	Q9%	16.4	9.2
42	27	Wankie Col. Rh.1	32	......	Q7½c	1.4	20.0
27½	12½	Zam.Cpr.SBD0.24	13	......	—	—	—

AUSTRALIAN

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
20	10	Acmex 25c	12	−1	—	—	—
127	57	Bougainville 50Toea	64	......	Q10c	1.5	10.0
128	78	BH South 50c	80	−2	—	—	—
325	119	Conzinc Riotinto 50c	178	+2	Q9c	2.3	3.1
65	18	G.M. Kalgoorlie $1	52	−3	—	—	—
112	77	Hampton Areas 5p	84	......	1.45	4.1	2.6
35	10	Metals Ex. 50c	14	......	—	—	—
242	136	M.I.M. Hldgs. 50c	143	......	Q9c	1.7	3.9
105	13	Mount Lyell 25c	13	......	—	—	—
2¾	1	Newmetal 10c	2	......	—	—	—
120	83	North B. Hill 50c	88	......	Q8c	1.5	5.6
12	4½	Nth. Kalgurli	10½	......	—	—	—
143	87	Oakbridge $A1	138	+1	Q11c	1.9	5.0
55	20	Pacific Copper	40	......	—	—	—
£13	575	Pancont'l 25c	650	−25	—	—	—
19	8	Paringa M&Ex.5p	12½	......	—	—	—
555	345	Peko-Wallsend 50c	405	−5	Q15c	ϕ	2.3
—	—	Poseidon 20c	75#	......	—	—	—
12	6	Vultan Min. 50c	12	......	—	—	—
164	99	Westn. Mining 50c	107	+2	Q6c	1.4	3.5
75	40	Whim Creek 20c	45	−5	—	—	—

TINS

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
39	18	Amal. Nigeria	30	......	2.51	1.6	12.7
395	265	Ayer Hitam $M1	280	+5	Q116.7c	0.9	36.8
57	25	Beralt Tin	51	......	3.75	2.3	11.1
240	155	Berjuntai $M1	235	+5	Q60c	ϕ	—
570	260	Geevor	495	−5	18.15	3.4	5.6
13	8	Gold & Base 12½p	10	......	—	—	—
325	190	Gopeng Cons.	290	......	13.2	1.9	6.9
135	72	Hongkong	135	......	—	—	—
100	60	Idris 10p	95	......	9.14	1.0	14.6
10½	7	Jantar 12½p	10	......	—	ϕ	—
85	30	Kamunting $M0.50	75	......	2Q15.5c	1.2	5.1
450	260	Killinghall	450	......	†Q50.0	ϕ	11.1
410	217	Malay Dredging $M1	395	......	†Q95.5c	1.1	6.0
27#	£	♦Pahang	27#	......	†Q2.5	0.5	9.3
70	50	Pengkalen 10p	61xd	......	5.58	1.3	13.9
210	133	Petaling $M1	210	......	mQ12½c	10.9	1.5
90	35	Saint Piran	72	......	1.84	4.6	3.9
210	77	South Kinta $M0.50	198	......	tQ77.8c	1.4	9.8
305	148	Sthn Malayan $M1	300	......	†Q131.3c	1.1	10.9
160	57	Sungei Besi $M1	150	+2	—	—	—
60	19	Supreme Corp. $M1	55	−5	2Q10	—	4.5
93	42	Tanjong 15p	88	......	Q6.82%	ϕ	11.4
95	45	Tongkah Hrbr. $M1	95	......	mQ16.9%	0.3	4.4
203	93	Tronoh $M1	180	......	ZQ30c	2.0	4.1

COPPER

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
198	103	Messina R0.50	108	+4	Q30c	ϕ	19.4

MISCELLANEOUS

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
9½	9	Burma Mines 17½p	9	......	—	—	—
112	58	Colby Mines $C1	102	......	—	—	—
600	250	Cons. Murch. 10c	250	......	†Q140c	1.4	‡
475	275	Northgate C$1	290	−5	—	—	—
247	173	R.T.Z.	180	−1	t8.5	q3.1	7.2
70	28½	Sabina Inds. C$1	32	−2½	—	—	—
£14¾	875	Tara Exptn. $1	£10	......	—	—	—
55	39	Tehidy Minerals 10p	46	......	1.21	2.5	4.0
160	121	Yukon Cons. C$1	132	−8	Q7c	ϕ	3.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♦ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- •• Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	22	......	Sheff. Refrshmt.	40	......
Ash Spinning	41xd	......	Shiloh Spinn.	19	......
Bertam	17	......	Sindall (Wm.)	83	......
Bdg'wtr. Est. 50p	250	......			
Clover Croft	23	......	**IRISH**		
Craig & Rose £1	380	......			
Dyson (R.A.)	32	+2	Conv. 9% '80/82	£97	+¼
Ellis & McHdy	65	......	Alliance Gas	80xd	......
Evans Fr'k. 10p	26	+1	Arnott	295	+5
Evered	15	......	Carroll (P.J.)	92	+2
Fife Forge	38	......	Clondalkin	62	......
Finlay Pkg. 5p	17½	......	Concrete Prods.	105	......
Graig Ship. £1	260	......	Heiton (Hldgs.)	58	......
Higsons Brew	125	......	Ins. Corp.	130	......
I.O.M. Stm. £1	155	......	Irish Ropes	123xd	......
Holt (Jos.) 25p	235	......	Jacob	43	......
N'thn. Goldsmith	37	......	Sunbeam	20	......
Pearce (C.H.)	111	......	T.M.G.	125	−5
Peel Mills	14	......	Unidare	70	......
Sheffield Brick	45	......			

OPTIONS
3-month Call Rates

Industrials		House of Fraser	12	Tube Invest.	30
A. Brew	6½	I.C.I.	25	Unilever	40
A.P. Cement	18	"Imps"	7	Utd. Drapery	7½
B.S.R.	11	I.C.L.	20	Vickers	15
Babcock	10	Inveresk	7	Woolworths	6
Barclays Bank	25	Ladbroke	17		
Berry Wiggins	5	Legal & Gen.	14	**Property**	
Beecham	38	Lex Service	6	Brit. Land	3¾
Boots Drug	15	Lloyds Bank	22	Cap. Counties	5
Bowaters	16	"Lofs"	5	E.P.	5
B.A.T.	24	London Brick	5	Intreuropean	5
British Oxygen	6	Lonrho	7	Land Secs.	18
Brown (J.)	20	Lucas Inds.	25	MEPC	12½
Burton 'A'	9	Lyons (J.)	13	Peachey	10
Cadburys	5	"Mams"	7	Samuel Props.	10
Courtaulds	10	Mrks. & Spncr	13	Town & City	2
Debenhams	10	Midland Bank	25		
Distillers	13	Nat. West. Bank	22	**Oils**	
Dunlop	8½	Do. Warrants	10		
Eagle Star	11	P & O Dfd.	12	Brit. Petroleum	45
E.M.I.	18	Plessey	9	Burmah Oil	7
Gen. Accident	17	R.H.M.	5	Shell	28
Gen. Electric	16	Rank Org. 'A'	18	Ultramar	22
Glaxo	40	Reed Intl.	18		
Grand Met.	9	Reyrolle	20	**Mines**	
G.U.S. 'A'	18	Spillers	4	Charter Cons.	12
Guardian	18	Tesco	4	Charterhall Fin.	3½
G.K.N.	22	Thorn 'A'	22	Cons. Gold	20
Hawker Sidd.	60	Trust Houses	13	Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday November 24 1977

Stiff opposition to BOC bid for control of Airco

BY NICHOLAS COLCHESTER

BOC INTERNATIONAL, the British industrial gases producer, has met stiff opposition from the Board of Airco of the U.S., in its effort to increase its stake in the American industrial gases company from 34 per cent. to a controlling holding.

Yesterday, in an attempt to gain agreement from the Airco Board, BOC publicised a potential offer of $40 a share in cash for 1.8m. Airco shares—enough to give BOC 49 per cent. of the U.S. company. The price compares with the $33 at which Airco shares were standing before the possibility of a bid was mooted.

BOC needs Airco's agreement because in 1973, when it acquired its existing stake, it undertook not to increase this holding until next July without the consent of the Airco Board.

It seems that the Airco directors have refused to entertain the idea of an increase in the BOC holding since the U.S. Federal Trade Commission gave up its challenge to BOC's involvement in Airco in September.

BOC said last night that the discussions with Airco, which had "included a possible offer by BOC to tender for 1.8m. shares," were continuing.

The two sides had also discussed the protection which both companies would wish to give to Airco shareholders and to "various aspects of the change in the relationship between the two companies which might follow an increase in BOC's shareholding."

BOC's plans to gain control of Airco started in summer, 1973. Airco then felt vulnerable to a possible takeover and it seems that it asked BOC, with which it had ties, to consider taking a protective stake in Airco should the feared bid materialise.

To help BOC decide, Airco sent the British company full financial details — but on condition that BOC should not become the predator. BOC agreed not to raise the mutually agreed shareholding, without Airco's consent, for another five years.

In December the awaited approach to Airco was made public. Curtiss-Wright, a U.S. engineering company, offered $18 a share for 20 per cent. of the Airco equity. BOC promptly countered with an offer of $20 a share for up to 34 per cent. of Airco — a stake which was a source of concern to some Airco directors.

But their fears were still for the next three and a-half years by the action of the Federal Trade Commission which tried to force BOC to disinvest for anti-trust reasons. During this period the two companies were in contact through reciprocal Board membership.

The possibility of a deeper involvement by BOC was broached during this time, but no headway was made on what was a hypothetical question. Then, in September, the FTC gave up and the issue became concrete again to the discomfiture of the Airco Board.

BOC's negotiating team left the U.S. yesterday dissatisfied. But they will meet Airco directors again at a Board meeting on Wednesday, and might make a formal presentation of BOC's proposals. It is clear that BOC's ultimate aim is to gain control, but with a preserved public shareholding in Airco.

In the meantime, an increase in the BOC holding to 49 per cent. would be acceptable in that it would block any rival offer until BOC has a free hand to increase its stake next summer.

Crucial hour has arrived —Dayan

By David Lennon and Anthony McDermott

MR. MOSHE DAYAN, Israel's Foreign Minister, said yesterday that "the crucial hour" had arrived in the Middle East for taking decisions on substantive issues and not just on procedures.

He told reporters in Jerusalem that as long as Israel held on to Arab territory, the war option would exist.

"When President Sadat says there will be no more war, he links this with evacuation of the territories."

In the Arab world, the struggle by those in favour of and those opposed to President Sadat's visit to Israel to gather support continued.

The rejectionist front, grouping theoretically Syria, Iraq, Libya, Algeria and the Palestine Liberation Organisation, received a boost by the arrival of President Houari Boumedienne of Algeria in Damascus.

This was offset by the patent failure of Syria and Iraq to end their long-standing feud.

Yesterday, the Government-controlled Baghdad daily Al-Thawra claimed that "the Arab masses now pouring out their wrath at Sadat's crime have not forgotten the crimes of the revisionist Syrian regime. Syria's motives in attacking the Sadat visit are suspect."

Radical alliance

This indicated that the efforts of Major Abdel-Salam Jalloud, the second man in the Libyan Government, to mediate between Iraq and Syria to create a radical alliance against Egypt's President had failed. In addition, while Syria and the PLO have announced that joint delegations would visit Libya, Saudi Arabia and the Soviet Union to gather support against Mr. Sadat, the meeting in Damascus of the PLO Central Committee has been postponed.

Egypt's political offensive took the form of a meeting yesterday between Mr. Butros Ghali, the acting Foreign Minister, and 25 African Ambassadors, including six representing members of the Arab League, to explain the reasons for Mr. Sadat's visit.

Mr. Ghali reportedly assured the diplomats that Egypt was not aiming at concluding a separate, unilateral agreement with Israel.

The Official Middle East News Agency in Cairo said yesterday Israel would declare its readiness, within the next few days, to take part in the Geneva Middle East peace conference and would not object to the presence of "elements known for totally supporting the Palestine Liberation Organisation."

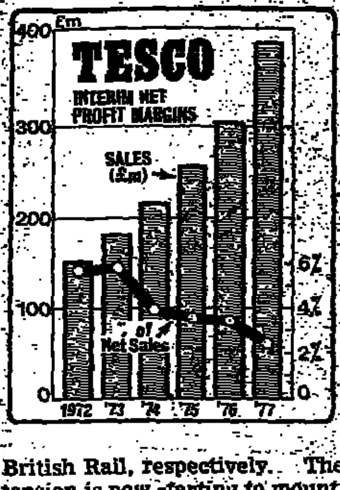
More Middle East News, Page 6

THE LEX COLUMN

Tesco's margins checked

Index fell 1.8 to 470.0

Tesco's price-cutting campaign to achieve real growth in a declining market seems to be bearing fruit. Turnover at the interim stage is up 27 per cent. at £385m., with sales volumes running 23 per cent. higher since trading stamps were dropped on June 9. But, as expected, the operation has had a heavy impact on margins which have dropped about five points at the gross level and by almost a third to 2.3 per cent. of sales on adjusted pre-tax figures. The total cost of "Operation Checkout" was £2m., but Tesco has allocated half of this to the second half year. If all the cost had been charged to the first 24 weeks pre-tax profits would be down 9 per cent.; as presented they have hardly changed, at £10.3m.



In the 14 weeks prior to the discount campaign sales had increased by just over 14 per cent., implying some decline in volume terms. Since then, however, Tesco's sales have increased by about 40 per cent. on the corresponding period of 1976. Overall, the operation is said to have increased Tesco's share of the food market from about 8 per cent. to more than 11 per cent.

The price-cutting is to continue for some time, in the belief that more customers and higher turnover will eventually produce better net profits. But Tesco has already run into some distribution problems, which it hopes to solve by increasing warehouse space. In addition staff costs may be expected to increase substantially; staff numbers are already up 10 per cent. on last year. One obvious move, if the company is to get back to the 3-3½ per cent. net margins it considers reasonable, is a gradual shift in sales mix into the more profitable non-food lines which at present account for possibly 15 per cent. of Tesco's turnover.

As it is, yesterday's figures relieved the City's worst fears about the immediate effects of the price war. Analysts are now looking for full-year profits of about £34½m., which puts the shares on a prospective p/e of over 8, fully taxed. At 42p, the yield is just under 6 per cent.

Coal Board/BIT

The British Investment Trust yesterday followed Edinburgh and Dundee in sending out its formal bid rejection, the offers being from the pension funds of the National Coal Board and British Rail, respectively. The tension is now starting to mount, and against the background of a weak equity market the Coal Board funds have decided to set a minimum cash value of 165p a share on BIT, slightly above the formula offer, worth 163.7p on Tuesday night's prices. BIT still refuses to consider anything below its claimed "going concern" value of 192.5p, but its shareholders may have a different viewpoint.

Metal Box

Analysts tore up yet another set of forecasts yesterday when Metal Box turned in a dismal £25.2m. pre-tax for the first six months, with an indication of lower profits for the full year which had the analysts pondering over the £50m. to £55m. range compared with recent expectations of around £70m. At the interim stage MB was still showing a gain of 6 per cent. on last year, but it required a 21 per cent. sales gain to produce even this modest improvement, and there is no hope of coming near the bumper £33.9m. of October-March last time.

Various explanations are offered. The U.K. beverage can market ran into a poor summer and volume eased a little, while a succession of labour disputes at breweries has not helped since then. Food cans improved modestly, but plastics and paper packaging turned in poor figures with frozen food cartons held back by cheaper fresh food prices and margarine tubs hit by another round of butter price cuts.

Overseas profits growth also slowed down sharply, reasons ranging from poor fruit and vegetable growing weather in Italy to empty pilchard ... off South Africa. But th... have been good results f... South-East Asia and Nigerian glass bottle ventur...

Whatever the specific ... fluences, MB is being affe... by trends which are genera... British industry. The r... price rises and favour... exchange rate movements w... helped last year's profits ... absent, while labour disrupt... have increased noticeably: two-piece can lines at W... houghton were strike-bound ... seven weeks, and the grou... currently negotiating ... deals with five large ur... which will be backdated ... October 1. It is possible th... pickup in demand could t... the final quarter, but assu... earnings of around 40p a s... for the year the p/e of 6... 268p, down 22p yesterday, ... better than the enginee... sector average.

Assoc. Newspapers

You would not have gu... that Associated Newspaper... in the communications bus... from the brevity of its in... statement. Apart from the ... dend announcement the ... class as to its trading per... ance are the £1.1m. rise in ... tax profits to £7.3m. and t... per cent. rise in turnover. ... is no word about the cos... profit prospects of the E... deal—AN's first major inc... into U.S. publishing.

Perhaps a third of the g... in profits comes from last ... acquisition of John M. New... builders merchants, an... recent results from other ... paper companies are any... AN's strong regional new... base probably moved ... strongly. The Daily Mail ... lation increased by 5 per ... but the Evening News c... tion continued to declin... there is little indication ... much inroad is being mad... its estimated annual los... £5m.

However, the main reaso... the AN share price has ... such a poor performance ... —it closed 2p lower at ... yesterday—is the unexpe... rapid decline in the prod... of the Argyll oil field. ... could well have run out b... and AN will soon have t... for another pot of gold ... for the Evening News.

Yen still stronger as dollar weakens

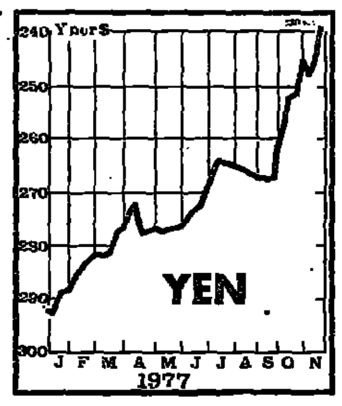
By Michael Blanden

THE JAPANESE YEN broke through the Y240 level against the dollar yesterday as the U.S. currency remained generally weak in foreign exchange markets.

With the Tokyo markets closed, dealings were thin and nervous. The yen continued to gain ground in line with the other strong currencies, touching a high point of Y238.40 to the dollar before closing at Y239.85. It was Y240.60 on the previous day.

Substantial official intervention was reported on the Continent, as the dollar also slipped to new lows against the West German D-Mark and the Swiss franc. The Bundesbank was reported to have bought $146.5m. to support the U.S. currency, but the D-Mark touched a record DM2.2280 to the dollar before ending the day at DM2.2310.

The pound remained on the sidelines in the continued exchange market uncertainties. It closed in London at $1.8195, a rise of 15 points against the dollar, with the trade-weighted index of its value against a basket of currencies rising to 63.4 against 63.3 on the previous day.



The London money markets were rather more settled after Tuesday's anxieties over the possibility of a rise in short-term interest rates. In the gilt-edged market prices recovered a little after the falls of the preceding four days, the FT Government securities index rising 0.14 to 75.27.

New oil licences granted to boost exploration

BY RAY DAFTER, ENERGY CORRESPONDENT

A NEW WAVE of offshore exploration is about to start after the Government, belatedly, confirmed new oil production licences.

After months of negotiations and argument involving the oil industry, British National Oil Corporation and the Department of Energy, 15 blocks have been awarded under the fifth round of offshore licences. The remaining 29 blocks should be allocated officially within the next two months.

Some of the companies are expected to begin exploration in the new areas this winter.

The fifth-round licences were offered to the oil industry in July last year so that they could provide a boost for this year's drilling programme. In the event, drilling rigs were kept busy completing the exploration programmes under previous licensing rounds.

For the first time companies have had from the outset to make operating agreements with the oil corporation, which is a 51 per cent. partner in all of the licences except those where the British Gas Corporation is involved.

This presented the oil corporation with a heavy workload involving detailed negotiations with 65 companies. Furthermore, many of the companies were uneasy about the terms being proposed by the oil corporation.

For instance, there has been some concern in the industry about the oil corporation's handling of confidential information and the way it would exercise its majority vote in most of the licence groups.

Dr. Dickson Mabon, Minister of State for Energy, told the Commons yesterday that the first batch of confirmed licences concerned companies that had satisfied the Government over the terms of joint operating agreements and the pace of exploration in the next few years.

The Occidental Petroleum group, which also includes Getty Oil, Allied Chemical and Thomson Scottish Petroleum, is likely to be among the first to drill a fifth-round well.

It has been awarded block 14/18, next to Occidental's Claymore Field—a concession regarded as one of the most encouraging of the licensing round.

Shell and Esso have gained the promising block 30/17b, next to their Auk Field, as well as blocks 13/15 and 13/27 in the Moray Firth. Shell U.K. and BNOC will also drill on block 87/10 in the Western Approaches.

Other licences confirmed yesterday were: British Gas (98/22); Hydrocarbons Great Britain (British Gas) (107/16, 107/21 and 110/9); General Crude Oil, Newmont Oil Company and Rowan Petroleum (13/20); Texaco (14/11, 23/26b, 106/15 and 106/20); and Monsanto, Pacific Petroleums and GAO (13/18).

English Channel blocks designated page 10

British Steel and unions split over industry rescue plans

BY ROY HODSON

A GULF HAS emerged between the steel trade unions supported by some senior Ministers on the one hand, and the British Steel Corporation, supported by the Treasury, about the urgency with which the steel crisis should be tackled.

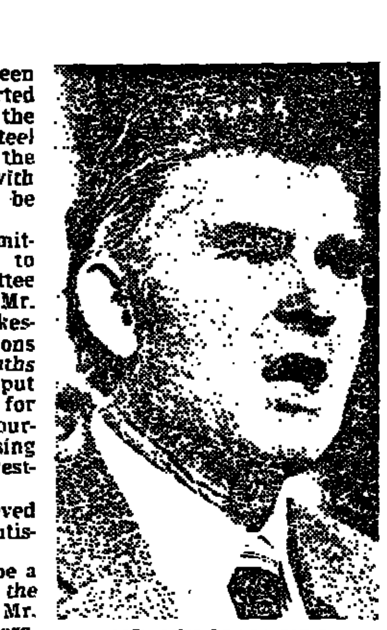
When the TUC Steel Committee gave evidence yesterday to the Commons select committee inquiring into British Steel, Mr. William Sirs, chief TUC spokesman, estimated that the unions would need at least three months to consider options being put forward by British Steel for reducing overmanning, encouraging early retirement, closing old works, and cutting investment plans.

Mr. Sirs said that he believed such a timetable would be satisfactory to the Cabinet.

Subsequently there might be a tripartite meeting between the unions, British Steel and Mr. Eric Varley, the Industry Secretary, to reach final agreement on a plan for nationalised steelmaking.

Mr. Sirs, who is general secretary of the Iron and Steel Trades Confederation, told the committee that the unions needed an assurance from the Government that the status quo in the industry would be adhered to.

When Treasury officials give their evidence to-day, they are likely to emphasise the deepening and urgent nature of the crisis. British Steel's losses are approaching £10m. a week and steel production is fast declining to the slump level of 1975-76, when output for the year fell below 18m. tonnes.



MR. WILLIAM SIRS
Government assurance sought

British Steel's management cannot contemplate proceeding at the leisurely pace proposed by the unions and is pinning its hopes on the Government making a major policy statement about the future of the industry within the next month.

Mr. Mike Thomas, Labour MP for Newcastle upon Tyne East, asked whether any sort of deal to help stem British Steel's losses had been put to the unions "in quid pro quo terms."

Mr. Sirs replied that the corporation would probably expect the unions to give something in return for continuing with capital investment in new steelworks.

The Government had responsibility to raise British Steel's cash limits so that the corporation could carry on with its capital investment plans in the interests of the nation's future.

"You don't leave a house half built. That would be the position if the Government deserted the industry. If the Government tried to do that you would get a strong reaction from the trade unions," he said.

Mr. Tim Renton, Conservative MP for Mid-Sussex, suggested that British Steel was on the way to making a £500m. loss in the current financial year.

Mr. Sirs said the main factor causing financial losses was that the industry was in a period of reconstruction. Eventually the country would have a very modern steel industry. In the meantime it had to be paid for.

Financial statistics 'lacking'

By Peter Riddell, Economics Correspondent

STRONG criticism of the financial statistics at present available on the company sector and proposals for major changes in both company accounts and Government figures came from the National Economic Development Office yesterday.

A Neddy paper to a conference in London, organised by the Bank of England, argued that financial statistics available on manufacturing were seriously lacking and this would have a detrimental effect on national policy making and the work on the industrial strategy.

The main proposals were a call for the breakdown of financial results of companies by product groups and between U.K. and overseas activities, the inclusion of value added statements, a switch to quarterly reports, as in the U.S., and the possible adoption of common accounting periods for all companies.

The paper also urged improvements in Government statistics so that, in combination with improved company accounts, there "would be a much better and wider understanding of the financial position of industry."

Other papers discussed the banking and money supply statistics.

Brokers W. Greenwell argued for changes in the present definition of the money supply and the publication of a weekly or even a daily data.

Conference details, Page 18

Continued from Page 1

Callaghan stands firm on pay

those figures. I have some evidence that this si beginning to happen."

It was not widespread yet because only 3 per cent. of Britain's 25m. workers had settled since Stage Two, compared with 17 per cent. normally at this time.

In the morning Mr. Callaghan met a delegation of six of the firemen. They said afterwards he had confessed he did not know how the deadlock was going to be broken.

He was asked to use his influence to get the local authority negotiators round the table with more "flexibility" in their pay offer.

Rupert Cornwell writes: After a brief debate the Labour Party Executive voted by 14 to 3 in favour of a motion calling on Miss Joan Lestor, party chairman, and Mr. Ron Hayward, the general secretary to examine with Mr. Callaghan and the Chancellor "the application and consequences of the Government's pay restraint."

It seems likely they will plead for greater flexibility in the public sector, coupled with a much stricter policing of private settlements. The meeting could be arranged within the next few days.

The protest at yesterday's NEC monthly session arose from an attempt by Mr. Nick Bradley, the Young Socialist leader, to extract a specific declaration of support for the striking firemen's claim. But this was ruled out of order because the union had made no approach of its own.

Nick Garnett writes: Merchant navy officers, the last major group still to settle under Phase Two are almost certain to fall in line following an agreement yesterday by senior union officials and shipowners on a pay deal including productivity payments.

The deal, which has to be ratified by the executives of the four unions representing officers covers 46,000 staff and involves Phase Two payments together with a three-part productivity scheme.

Officers will get an increase of 12.5 per cent. on earnings, in addition to the Phase Two payment: the most senior officers will receive between 1 and 3 per cent. on top of that, and cadets will get a 7.5 per cent. increase on earnings.

The General Council of British Shipping said the productivity schemes, which will be reviewed quarterly by unions and shipowners, were subject to Department of Employment approval but were self-financing.

The Phase Two payments will be back-dated to July, but the productivity schemes will run from November. In return for the productivity payments, the General Council said the officers had agreed to alterations in working practices.

● The TUC general council yesterday confirmed its view that it would be wrong for Leyland Cars to be made an exception to the 12-months pay rule so that it can rationalise its bargaining structure. Page 12

Weather

U.K. TO-DAY

SHOWERS, bright or sunny intervals. Cold and windy.

London, S.E. and E. England, Anglia, Cent. S. England, Midlands

Scattered showers, sunny intervals. Wind north-west, fresh or strong. Max. 6C (43F).

Channel Is., S.W. England, S. Wales

Showers, bright intervals. Max. 7C (45F).

N. Wales, N.W. and N.E. England, Lake Dist., Isle of Man, Scotland, N. Ireland

Showers, perhaps thunder. Wind north-west, local gales. Max. 5C (41F).

Outlook: Wintry showers in Eastern districts, otherwise dry. Cold.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstdm.	R	8	46	Madrid	F	9	48
Athens	S	20	68	Manchestr.	R	7	45
Bahrain	S	23	73	Melbourne	C	17	63
Barcelona	S	10	50	Mexico C.	C	16	61
Beirut	S	21	70	Milan	S	1	34
Belfast	R	7	45	Montreal	S	3	38
Belgrade	Sn	0	32	Moscow	R	6	43
Berlin	F	5	41	Munich	C	2	36
Brmghm.	C	7	45	Newcastle	R	9	48
Bristol	C	8	46	New York	R	5	41
Brussels	C	8	46	Oslo	C	−4	25
Budapest	F	6	43	Paris	C	8	46
B. Aires	S	18	65	Perth	C	23	74
Cairo	S	25	77	Prague	F	4	39
Cardiff	R	9	48	Reykjavik	S	−3	27
Chicago	R	2	36	Rio de J'o	S	33	92
Cologne	R	7	45	Rome	F	14	57
Copnhagn.	F	5	41	Singapore	S	29	84
Dublin	R	9	48	Stockholm	C	−1	30
Edinburgh	F	8	46	Strasbrg.	R	4	39
Frankfurt	C	5	41	Sydney	F	23	74
Geneva	F	4	39	Tehran	C	14	58
Glasgow	C	8	46	Tel Aviv	S	22	72
Helsinki	C	1	34	Tokyo	C	14	58
H. Kong	S	20	68	Toronto	C	4	40
Jo'burg	S	23	74	Vienna	F	7	45
Lisbon	F	11	52	Warsaw	R	4	39
London	F	9	48	Zurich	F	4	39
Luxemb'g	C	3	37				

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	S	14	57	Jersey	C	10	50
Algiers	R	10	50	Las Plms.	C	20	68
Biarritz	C	8	46	Locarno	S	6	43
Blackpool	R	8	46	Majorca	F	13	55
Bordeaux	C	8	46	Malaga	S	14	57
Boulogne	C	9	48	Malta	F	21	70
Casablnca	F	14	57	Nairobi	R	19	66
Cape Town	S	25	77	Naples	C	14	57
Corfu	C	20	68	Nice	S	12	54
Dubrovnik	R	12	54	Nicosia	C	21	70
Faro	S	14	57	Oporto	S	11	52
Florence	S	8	46	Rhodes	S	20	68
Gibraltar	S	16	61	Salzburg	R	3	37
Guernsey	C	9	48	Tangier	S	15	59
Innsbruck	F	3	37	Tenerife	F	14	57
Inverness	C	6	43	Tunis	C	14	57
Isle of Man	C	8	46	Valencia	S	13	55
Istanbul	F	17	63	Venice	S	8	46

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sn—Snow.

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